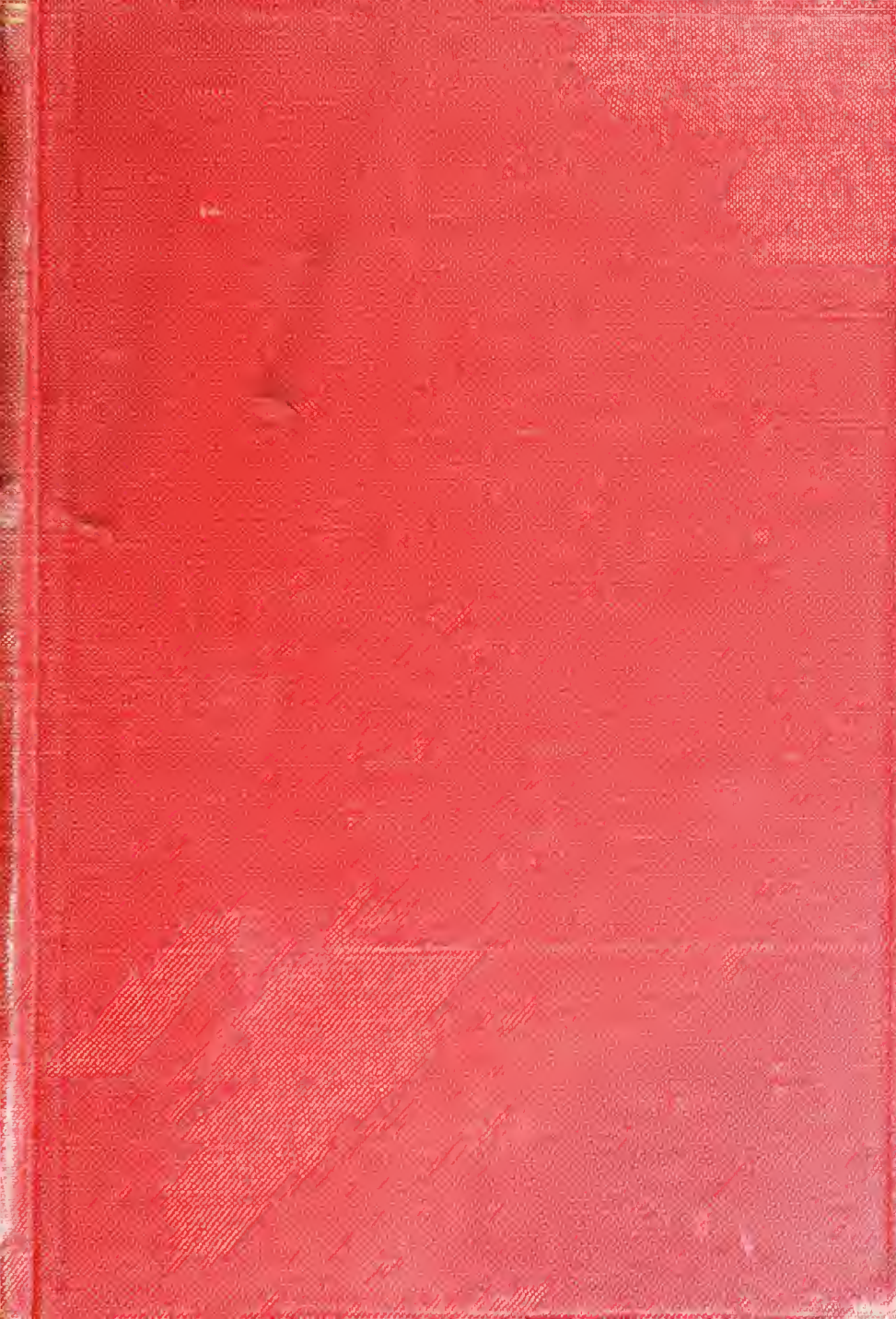




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RAILWAY NATIONALIZATION

RAILWAY NATIONALIZATION

BY

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AUTHOR OF

"THE CRY OF THE CHILDREN," "TRADE UNIONS AND THE LAW," ETC. ETC.

WITH A PREFACE BY

THE RT. HON. SIR CHARLES W. DILKE, BART, M.P.

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PREFACE TO FIRST EDITION

EVER since a date even earlier than that at which Bentham's editor, Sir John Bowring, called meetings to advocate the State Purchase of Railways, I have favoured the reform which Mr. Clement Edwards with much force urges, but have feared—so great is the power of the Companies in Parliament—that we should be made to pay for it too high a price.

The author of *Railway Nationalization* seems not only to have proved his theoretic case, but to have partly met my doubts or practical objections. Agreeing as I do with most of what he has written, except, indeed, as to that growth of cities which we cannot prevent, and which Melbourne, Sydney, Adelaide, and Perth show to be no unmixed evil, I am happy to do aught I can to help him to readers, who, however, will be drawn to him by his subject and by his vigour, without this little prefatory note.

CHARLES W. DILKE

AUTHOR'S NOTE TO SECOND EDITION

SOME ten years ago I contributed a series of articles on "Railway Nationalization" to the columns of the *Weekly Times* and *Echo*. By the kindness of the editor, Mr. E. J. Kibblewhite, I was permitted to issue those articles, with some alterations, in book form. The first edition of that book was exhausted some months ago, and in view of the recent great quickening of interest in the problem of our railways I perhaps need make no apology for issuing a second edition. In eight years we have witnessed a considerable number of changes, chiefly local, in our forms of locomotion. Electric trams and light railways have appeared in many parts of the country. The motor car and the motor bus have become familiar sights, but with these and other changes little has happened to substantially modify the character of the problem discussed in the following pages. The great grievances of the farmers, the traders, and the travelling public remain practically as they were in 1898. The hopelessness of the community getting the maximum of advantage out of the present railway system is as palpable now as ever.

Probably the most potent change of all has been in the mental attitude of the country towards the problem. Opinion in favour of State-ownership has spread with striking rapidity among all sections of the community. The royal commissions to inquire into the public ownership of canals in the United Kingdom and the State acquisition of the railways in Ireland are the best evidence of this growth of opinion.

I have done nothing to modify the arguments of the first edition in the present issue, and I have not found it necessary to seriously alter the illustrations of those arguments, but what I have attempted to do is to bring the essential figures of the problem as nearly up to date as trustworthy material will allow me to do.

I can only express the hope that my modest contribution may be found useful in directing opinion towards what I deem to be a wise solution of a problem so largely and so intimately interwoven with the future prosperity and welfare of our country.

Here and there it may perhaps seem to readers that I have used language which implies reflection upon either the honesty or the capacity of the present managements. Let it therefore be said at once, that in the present railway directorates and staff I frankly recognize a body of men who are conspicuous for their zeal, their efficiency, and their general "high tone." The whole criticism of the following pages is aimed at the features inherent in the existing system, and with a lively sense of the enormous difficulties in the way of its undertakers. Indeed it is chiefly because I regard the obstacles to greater efficiency, and cheaper facilities, as inevitable concomitants of the system of private monopolies, that I put forth the plea for State-ownership.

It need scarcely be said that what follows does not pretend to the category of literature, but only seeks to serve the adjunctive purpose of a simple hand-book to a workaday movement. It has therefore been thought better to use the exact words of recognized authorities rather than to rehabilitate their opinions in language of my own. Hence there are more quotations than there would have been had my purpose been different.

C. E.

Temple
17th January 1907

“I have been very much impressed since I came to the Board of Trade with the great and growing discontent with the whole railway system. This is a great contrast to the feeling in Germany, where the traders consider that the railway system gives the greatest possible satisfaction.”

Rt. Hon. D. LLOYD-GEORGE
President of the Board of Trade
13th December 1906

“That this Chamber is of opinion that the time has arrived when the question of the whole relationship between the railway companies and the trading and agricultural community should be fully inquired into, with a view to legislation which shall remove those conditions of railway rates and contracts which now press so onerously upon the trade of this country.”

North Staffordshire Chamber of Commerce

RAILWAY NATIONALIZATION

CHAPTER I

INTRODUCTION

STATE-OWNERSHIP of railways in the United Kingdom was settled in principle more than half a century ago. In 1844, upon the introduction of Mr. Gladstone, an Act of Parliament was passed definitely providing for the compulsory acquisition of the railway system by the State at any time, in the discretion of Parliament, after twenty-one years from that date. And in all subsequent railway legislation, the possible ultimate possession of the system by the State has been steadily kept in view, by every new Railway Act being made subject to the measure of 1844. So that there is no need to weary readers with a preliminary discussion as to whether railway ownership and administration come within the proper sphere of State functions.

In different parts of the world at the present time there are three clearly defined railway systems in operation. They are (1) railways owned by the State and managed by the State for the convenience of the community; (2) owned by the State and leased to Companies for private profit and management; and (3) privately owned and run for private profit and advantage, but subject to a certain amount of State control. Great Britain and the United States share the distinction of being the only two countries where the dual system of private ownership and State control is exclusively in operation. The amount of State control here is considerably greater than across the Atlantic. But it has been a haphazard growth of many years, rather than the mature product of a carefully-thought-out policy.

Indeed the whole theory underlying railway legislation has undergone a complete and fundamental change since the Stockton and Darlington Act was passed in 1823. This change, however, has been gradual, and has been induced by the repeated and revolutionary departures of the Railway Companies from the original conception of their function. From being the mere providers of an iron road, upon which, for a consideration, anybody was permitted to haul or to carry, the Companies have become the sole hauliers, and practically the sole carriers, collectors, and delivery agents. Thus while under the original order of things the public had the protection of competition to prevent extortionate rates upon each system, now that the Companies perform all the functions, they have no protection beyond what they can get from Government interference, unless indeed they and their customers are both upon the seaboard. In fact the Railway Companies have possessed a power to levy taxes probably more exacting and more effective than that enjoyed by any crowned monarch of England. As John Stuart Mill says—"The charge made for services which cannot be dispensed with, is in substance quite as much compulsory taxation as if imposed by law. . . . This applies to the case of a road, a canal, or a railway. These are always in a great degree practical monopolies, and a Government which concedes such monopoly unreservedly to a private company does much the same thing as if it allowed an individual or an association to levy any tax they choose, for their benefit, on all the malt produced in the country, or on all the cotton imported into it."¹

The rates and charges which Railway Companies may legally make for the different services have for many years been theoretically limited by law. But as the legal maximum has usually been put at a fanciful figure based on the old Carriers' Acts, it has frequently served to intimidate customers into passive obedience rather than to protect them from excessive charges. It is true that under the most recent legislation the Companies are not permitted to "jump up" rates from the "actual" to their legal maximum, unless they can show the Railway Commission that the proposed alteration is reasonable. But this admirable provision is virtually a dead letter in practice, for the cost and consequences of challenging the

¹ *Principles of Political Economy* (People's Ed. 1872), p. 581.

alleged reasonableness of a rate in face of all the elaborate legal machinery and expert evidence which the associated Companies have at their disposal, are prospects which cow the boldest litigants, and from which even merchant princes not unnaturally shrink. The payment of high rates *per se* is, however, by no means the greatest grievance which our farmers and traders are called upon to bear. A matter that comes home to them with greater force is the preferential treatment which is extended to their foreign competitors. They are daily presented with the spectacle of meat from America, dairy produce from Denmark, fruit and vegetables from France, and manufactured goods from Belgium and Germany being conveyed upon the English markets at a cost of carriage that is often a half and not infrequently less than a third of what they themselves are charged to get there.

Then turning to the travelling public, we find that they have to pay fares enormously in excess of those charged on the Continent—in some cases five and six times as much. And though on some of the great northern lines they have little to complain of in the matter of comfort, accommodation, and speed, this happy state of things is by no means as general as it might be. Especially does this apply to the third-class passenger. Source of greatest profit though railway authorities freely admit him to be, yet with some managements he is apparently the subject of least regard. Open cushionless carriages with dim yellow lights are still deemed good enough for him on some of the southern systems; and this is not the worst. Many of the Companies running into London still object to provide proper accommodation for workmen. Even those Companies who make a point of catering for the "sons of toil" do not consider that it is any scandal to have eighty passengers crowded into carriages provided for fifty.

Nor can the conditions of employment which prevail among the railway workers be deemed as nearly satisfactory. The hours are still too long and the pay too scanty, while several Companies have made themselves conspicuous by denying their workmen the right to combine.

With these broad facts before us, we may ask whether the community are likely to get the highest efficiency with the lowest charges of which the railway system is capable under

the present dual system? I think not. It may be freely admitted, that under private enterprise there is probably a larger network of railways than would have been the case had their construction and development been left from the beginning to State initiative. But this must not be regarded as an entirely unmixed advantage. In the belief that effective competition was being secured by multiplied roads, when it had been killed on the individual line, schemes have been sanctioned by Parliament which would never have been entertained had the results been clearly foreseen. As Robert Stephenson told a Royal Commission, "where combination is practicable competition is impracticable," and the effect of a new railroad being built to compete with an old system, has usually been to saddle the community with the burden of paying interest upon two capitals where one was ample for the traffic. Moreover, under the present system many districts have been neglected and remained undeveloped, because the prospect of an immediate return has not been sufficiently apparent to tempt the investment of the necessary capital.

The Railway Companies frankly admit that to-day there is practically no competition between them either in rates or fares. These are rigidly fixed by Associations of Managers, and one Company cannot reduce without the consent of the others. The Companies claim, however, that the public get the benefit of an effective competition in facilities. No doubt this is partially true in the matter of passenger accommodation upon the northern-going expresses, but upon most other lines, and almost entirely in respect of goods traffic, the phrase is more euphonious than correct. In the case of goods traffic, at least, competition in facilities means a multiplication of wastes for which the traders and the consumers have to pay. It embraces the zealous regiments of canvassers who wait upon customers, the erection of a large number of handsome warehouses in the same town which it can only be expected to partially utilize, the provision of large surplus teams of horses and drays by each Company "to meet emergencies," and the running of three or four short half-filled trains from the same place to the same place, at the same time, instead of one heavy and fully-loaded train.

The leakages in this direction are simply enormous. But you must add to them the expenses of the several hundred directorates, with all their attendant paraphernalia ; the running of many passenger trains but fractionally filled by several Companies where one would suffice ; the movement of nearly as many empty as full goods trains, so as to escape the demurrage charged for remaining upon a neighbour's line more than three days ; the huge expenses of promotion and litigation. All this waste falls as an extra burden upon the customers in higher rates and larger fares.

No doubt if the process of amalgamation among the Companies were completed, many of these leakages would be arrested. But such a remedy from the public standpoint would be nearly as great as the disease. The present combinations of railway interests are dangerous enough, but for the whole of our 23,000 miles of railway, with its half-million shareholders, its £1,100,000,000 capital, its revenue of £105,000,000, and its army of half-a-million workers, to be welded together into one vast legally constituted corporation, subject to the absolute dictatorship of a single Board, would indeed be to fulfil the prophecy of Sir H. W. Tyler, the chief railway inspector, that "if the State does not soon manage the railways, the railways will manage the State."¹

It is quite obvious that the community cannot look for any substantial redress of grievances—of maximum efficiency and minimum charges—under the existing order of things. For several years past the average rate of interest has been rather less than 4 per cent., which is not deemed by present public opinion as an excessive return on capital. And it may be safely assumed, that neither would directors tolerate, nor would the Railway Commission be likely to regard as "reasonable," an attempt to reduce rates to a point which would cause an immediate and sweeping reduction in this rate of interest ; and a far-sighted policy of present reductions for future recoupment by consequent increased traffic is one which is not likely to emanate spontaneously from the directorates, who shrink in alarm from doing anything which adversely affects the existing market price of shares. This is the one single direction

¹ *Journal of Royal Statistical Society*, 1873 : debate on State Purchase of Railways.

probably in which the scattered shareholders exercise an effective control.

But in the national interests of agriculture, commerce, and industry, a substantial alteration must be made. The increasing pressure of foreign competition, and the gradual replacement of British goods and produce in both the home and neutral markets, with those of foreign make and growth, give emphasis to the pressing need. Some people may hide their nervousness by a copious indulgence in the optimism of selected statistics on the one side, while on the other we shall always have that active body of panic-stricken zealots who are prepared to seek a remedy in the reversion of the Free Trade policy. What we want is a calm and dispassionate facing of the facts. And here it is of grave significance that the two European countries—Germany and Belgium—who are most seriously menacing us in the neutral markets, and even finding a considerable lodgment in the home market, possess the two best organized systems of State railways in the world, upon which they carry goods at less than half and often a third of what the English railways charge. That this is the entire cause of their increasing ability to compete effectively with us no one would for a moment seriously contend. It is, however, a great factor—probably the greatest—and is fortunately for us one capable of remedy.

But Germany and Belgium, while they are the two countries where the system of State railways have been most completely organized and developed, are not the only countries where they have been successfully instituted. Far from it. Besides being in operation in nearly the whole of Europe, they are in use in India, in South Africa, and in our Australian Colonies, where the experience is of special significance, for this reason. The opponents of State ownership are constrained to admit its great success in certain of the Continental countries, but on the principle of—

“I du believe in Freedom’s cause
Ez fur away ez Payris is,”

they attempt to discount it by attributing it to the greater genius for State administration possessed by the Continental than by the Anglo-Saxon races. Now the Australian and

Indian and South African systems are administered by Anglo-Saxons, and with success.

On the whole the experience of State-ownership of railways when tried side by side with private ownership—and that is the true basis of comparison—shows that charges for services are much less, the management is more economical, and there is a practical immunity from those grave ills and anomalies under which we suffer in the United Kingdom.

CHAPTER II

THE RISE OF STATE CONTROL

THE present power of control exercised by the State over the railways of the United Kingdom is the outcome of seventy years' legislation. With no general recognition of the possible development of the railway system, and with the doctrine of *laissez faire* beginning to dominate the political mind, it is scarcely a matter for surprise that Parliament left the young Railway Companies almost free from legislative restrictions. It is true that Thomas Gray, with keen prophetic vision, clearly foresaw the extent of the locomotive revolution, and urged the Government to at once take the reins of the "Iron Horse."¹ But naturally, being a prophet, he was deemed mad, and his advice, as is usual under such circumstances, was studiously ignored.² Nor can the assumption that competition, then regarded as such an effective regulator of the ordinary commercial relations, would prove an ample means of protection to the traders from the Railway Companies be deemed as altogether unreasonable. Certainly in the light of the Free Trade philosophy the character of the first railway schemes warranted this conclusion. These were based upon the experience of functions performed by the canals and old iron roads. In other words, the railway promoters proposed only to provide a smooth permanent way, and to charge a toll for its use to either private traders or to the already established firms of carriers. The idea that they might become responsible for hauling was doubtless latent, but that they would take upon

¹ *Observations on a General Iron Railway*, by Thomas Gray. 1821.

² *Our Iron Roads*, by F. S. Williams, 1852, pp. 16—19.

themselves the manifold duties of carriers was not even dreamt of. And to this fundamental conception, of function being limited to the mere provision of permanent roadway, must we attribute the initial misfortune of handing over to private individuals those means of transit which were destined not only to supersede the ancient highway, but to become welded into the most powerful monopoly this country has seen. Facts, however, were ever more potent than theories, and circumstances quickly arose which compelled Parliament to initiate that long and tedious process of piecemeal legislation, having for its object the gradual correction of the initial error.

The first Iron-railway or Tram-road Act was passed in 1801, authorizing the Surrey Iron Railway Company to construct a railway or tram-road for the conveyance of goods and coal between Wandsworth and Croydon. This was open to the general use of traders and carriers. Horse power was the only motive power used, and both horses and vehicles were supplied by the persons using the railway. For this use of the way the promoters were entitled to charge tolls, limited to a specific maximum rate varying from 2*d.* per ton for manure, to 6*d.* for certain classes of merchandise. This Act was followed by a number of others, and in 1821 the Stockton and Darlington Railway Act was adopted, empowering the promoters to construct a horse tramway merely. But during the course of construction George Stephenson fully demonstrated the value of the locomotive, and in 1823 application was successfully made to Parliament for permission to use steam-engines—stationary and locomotive. By this Act the Company were authorized to charge a maximum mileage toll, "for every coach, chariot, chaise, car, gig, landau, wagon, cart, or other carriage which shall be drawn or used on the said railways or tram-roads for the conveyance of passengers or small packages or parcels."

In the case of goods traffic, the practice of the Railway Company merely providing the road partially prevailed for several years. Thus in 1838, fifteen years after the Stockton and Darlington Company took powers for the use of the steam-engines, we find that "engines belonging to different parties, coach proprietors and others," were running upon the Liverpool and Manchester line; and so far was the highway system at that time from being regarded as obsolete or impracticable, that a

Select Committee of the House of Commons recommended that the right enjoyed by private persons of running their own engines and trains upon any railway should be extended to the Post-Office upon special terms. The Great Western Act of 1835 also provided—"That all persons shall have free liberty to pass along and upon and to use and employ the said railway with carriages properly constructed as by this Act directed, upon payment only of such rates and tolls as shall be demanded by this said Company, not exceeding the respective rates or tolls by this Act authorized, and subject to the provision of this Act, and to the rules and regulations which shall from time to time be made by the said Company or by the said Directors, by virtue of the powers to them respectively by this Act granted."¹

But the notion of every man his own train-driver was one that lent special force to the natural fear which the travelling public had of patronizing the "fire-horse," as Fanny Kemble called the locomotive. And as it was the passenger and coach parcel that paid the Companies, so it was their requirements that shaped the railway policy. Safety was the first need. So it quickly became a matter of practice for the Companies to provide haulage as well as the road, and passenger carriages as well as haulage. And the necessity in many districts combined with general economical advantages to secure the almost universal adoption of the new system.²

While, however, the road tolls had been limited to a maximum, when the Companies provided the haulage power they were permitted to charge a "locomotive toll" to be fixed at their own discretion. So also when the Railway Companies were given a discretionary power to "use and employ engines, and in carriages or wagons drawn or propelled thereby to convey upon the said railway all such passengers, cattle and other animals, goods, wares and merchandise articles, matters and things, as shall be offered to them for that purpose," no specific restriction was at first placed by Parliament upon the charges they should make for this service of conveying. It was merely recited that they were subject to the common law of carriers, by which their charges had to be "reasonable"—which proved in practice as dangerously vague as Wellington thought the terms of the "Holy Alliance."

¹ *Railway Rates and Traffic*, by A. K. Butterworth, ch. i.

² *Railway Rates*, by W. A. Hunter p. 7.

Soon after 1830 it was recognized how complete was the power of monopoly possessed by each Railway Company upon its own system. In some cases this power was only partially utilized. Thus in 1839 there were three different systems in operation¹—

1. The system by which the Company provided the permanent way, haulage, and part of the rolling stock, but dealt only with the carriers.

2. The system by which the Companies acted both as general carriers themselves, and dealt with other carriers on their lines.

3. And the system by which the Companies were the sole carriers, providing for collection and delivery and allowing no general carriers on their lines.

The respective merits of these systems were made the subject of Parliamentary inquiries in 1839-40. The carriers, who submitted a great deal of evidence, urged that the Railway Companies should be restricted by legislation to the hire of rolling stock to the carriers and the hauling of trains, and that they should be prohibited from dealing with the public direct. The Committee of 1839 hesitated to come to a definite decision, but the Committee of the following year pronounced in favour of the Railway Companies being permitted to perform all the duties of general carriers, although, funnily enough, the report states that "the investigation of this subject demonstrates beyond all doubt that Parliament was anxious to prevent Railway Companies from obtaining an exclusive control over the conveyance of passengers and goods along their respective lines," but, "powers were conceded to the Companies which counteracted and rendered of no avail the evident purposes of the Legislature." The alarm of the traders was great, and not unreasonably. The competition between the carriers or between the carriers and the Railway Companies over the same railway was their only guarantee against extortion, for be it remembered that, up to this time, haulage and carrying charges were quite unlimited. But now each Company became a complete monopolist within its own domain.² Thus, with the safeguards of competition gone, new legislation was at once found necessary to protect the traders. This was provided in the Act of 1841, which defined not only the maximum road

¹ *Railway Rates*, by W. A. Hunter, p. 11.

² Butterworth.

toll, but also a maximum toll for wagons. But these maxima, as has been constantly the case since, were much more showy than useful. Fixed at a fanciful figure, much beyond what the traffic could bear, they rather served as a sword of Damocles which the Companies held above the heads of their customers to coerce them into peacefully accepting high actual rates, than as a protection against extortion.

It is worthy of note at this point, that while Parliament left the traders to the tender mercies of the common law, to risk recovering either illegal or the surplus of unreasonable charges, they provided arbitration for the settling of disputed charges for the conveyance of mails, between the Post-Office and the Railway Companies.

Important steps in extending the sphere of State control were taken in 1840 and 1842, when the Railway Regulation Acts were passed, conferring upon the Board of Trade certain limited powers "for the due supervision of railways."

The great railway boom began in 1844, and at once served to draw public attention to a form of competition hitherto little thought of. The competition between carriers upon the same line had been tried, and had practically collapsed. Now it was generally believed that the Companies could be "brought to their senses" by the construction of competing lines through the districts where they were enjoying a monopoly. Over-charged traders, with unabated faith in the sufficiency of the law of supply and demand, saw salvation in the prospective furious rivalry between two competing routes, even though this pet law had belied its early promise within the scope of the single railway system. Nor did the aggrieved traders lack eloquent and powerful supporters. The promoters of the prospective competing lines rallied to them with almost touching earnestness—if indeed they did not supply them with the formula of their contention. It is true that the heads of existing systems declared that it would be easy for the new and the old Companies to coalesce in the future, when the only effect would be that traders would have to provide interest upon two capitals instead of one. It is equally true that one or two recognized economists reiterated the same warning, clothed in the learned phrases of their profound science. But the latter were charitably smiled at, as well-intentioned but unpractical

theorists, and the former were denounced as the subsidized pleaders of a threatened interest. How entirely at fault the traders were in the long run, and how fleeting and injurious was their golden remedy, we shall see later on. In the meantime (1844) a Select Committee, presided over by Mr. Gladstone, and appointed to inquire into the whole field of railway legislation, had definitely reported "that competition between Railway Companies is likely to do more injury to them than good to the public." But this declaration was not sufficient to arrest the flow of "competing" schemes, nor to deter Parliament from legalizing them with their indispensable sanction. And duplicated lines from, through, and to the same places appeared in many parts of the country.

Some of the other conclusions of this Committee were much more respected, however, and at once bore valuable fruit. Among these were—

(1) That the indefinite concessions made to the earlier Companies had been unnecessary; (2) that fares and rates were too high; and (3) that with regard to new lines, Parliament ought to reserve certain powers to be exercised after a given time. These were all dealt with in a Bill introduced in the same year by Mr. Gladstone, as President of the Board of Trade, and Chairman of the Committee. After a somewhat stormy passage the Bill was passed, and is now usually spoken of as the Cheap Trains Act.¹ It provided for—

1. The Parliamentary penny per mile fare in at least one train a day.
2. The revision of maximum rates and charges, subject to certain conditions.
3. Power being conferred upon the Board of Trade to initiate proceedings against the Railway Companies for the infringement of the law under certain circumstances.
4. A maximum rates clause under which the Companies, if they carried and provided locomotive power as well as the roadway, were compelled to charge less than the aggregate of the separate tolls for the three services.
5. And provision for the future acquisition of the railways by the State (see Chapter XVII).

In addition to this Act, the Report of the Committee also led

¹ See *Hansard* for June 1844.

to the Consolidated Act of 1845, which embraced two new and far-reaching provisions. The one made all special railway Acts subject to general railway statutes, and the other attempted to provide for equality of treatment. Here is the clause embodying the first provisions :—

“Nothing in this Act contained shall exempt the Company or the railway from the provisions of any general Act relating to railways or the better or more impartial audit of the accounts of Railway Companies now in force, or which may hereafter pass during this or any future session of Parliament, or from any future revision or alteration under the authority of Parliament of the maximum rates of fares and charges, or of the rates for small parcels authorized by this Act.”¹

This is the Equality Clause :—“And whereas it is expedient that the Company should be enabled to vary the tolls upon the railway so as to accommodate them to the circumstances of the traffic, but that such power of varying should not be used for the purpose of prejudicing or favouring particular parties, or for the purpose of collusively and unfairly creating a monopoly, either in the hands of the Company or of particular parties, it shall be lawful, therefore, for the Company, subject to the provisions and limitations herein and in the Special Act contained, from time to time to alter or vary the tolls by the Special Act authorized to be taken, either upon the whole or upon any particular portion of the railway as they shall think fit ; provided that all such tolls be at all times charged equally to all persons, and after the same rate, whether per ton per mile or otherwise, in respect of all persons and of all goods or carriages of the same description, and conveyed or propelled by a like carriage or engine passing only over the same portion of the line of railway under the same circumstances ; and no reduction or advance in any such tolls shall be made either directly or indirectly in favour of or against any particular Company or person travelling upon or using the railway.”²

The traders had not to wait long before they saw how futile duplicated systems were as a protection against excessive charges. A perfect plethora of amalgamation schemes appeared in 1846. This led to another Select Committee to inquire into the right principles of railway legislation. Among

¹ Railway Consolidation Act, 1845.

² *Ibid.*

other things they delivered a severe attack upon the theory of the maximum rate. They said one of the abuses of railway management, from which the public have suffered most in this country, is the fixing the fares and charges at too high a rate. It is proper, no doubt, that maximum fares should be fixed in all railway Acts ; but though they may be fixed with care, and may sometimes approximate to fair rates at a given time, they can never meet all future contingencies. The maximum rates are, however, almost always extravagantly high. The most perfect system in the abstract is that which regulates the fares by such scales as will produce the utmost amount of convenience to individuals, and give the utmost possible development to the trade of the country.

But while they did not pronounce in favour of prohibiting amalgamations, they emphasized the necessity of each case being exhaustively examined. They also strongly recommended the establishment of a Government Department charged with the supervision of railways and canals. So by an Act of 1846 the Railway Commission was constituted, consisting of five persons. But a further measure, seeking to confer upon it real powers, failing to pass into law in 1847, it suffered a somewhat chequered career until 1851, when it was merged in the Board of Trade. It thus continued until 1874, when it was again separated, given definite powers, and has continued since.¹

In 1850 Parliament gave formal sanction to working agreements between "competing" Railway Companies by an Act legalizing the constitution of the Railway Clearing House, which had been voluntarily established by the Companies three years previously. The Act also conferred on the House, governed by a Board of Railway Managers, the important power of suing defaulting members.

1853 saw the dawn of a new epoch in the application of the principle of State control. "Hitherto," as Mr. Butterworth says,² "with few exceptions Railway Companies had been left free to conduct their business in the way that seemed best to themselves, the efforts of the Legislature being for the most part confined, in the first place, to insuring public safety, and

¹ Butterworth and Hunter.

² *Railway Rates and Traffic*, p. 21.

in the second to preventing the abuse of the extensive powers of the Companies, by placing a limit upon their charges, and forbidding partiality. Further, those who had grievances against Railway Companies were left to assert their rights by means of the ordinary procedure before the ordinary tribunals. It is true that, as we have seen, certain powers of supervision over railways had been given to the Board of Trade; their sanction was necessary for the opening of each new line of railway; their approval was essential to the validity of bye-laws, and in cases where a Company had exceeded or abused their powers, they were empowered to initiate legal proceedings for enforcing compliance with the law. The general policy of the Legislature, however, had been to refrain from interfering with the practical working of the railway system."

In consequence of the anxiety prevailing among the traders at the prospect of many large amalgamations of railways in 1852, another Special Committee was appointed to consider "the principles which ought to guide the House in railway legislation." The Committee reported in 1853 that a larger meed of State interference was necessary, and declared that the "Equality Clause" needed amendment, as the necessity for a person complaining of inequality of charges, to show that different transits were effected "under the same circumstances," left the Companies a loophole for evading the duty of treating all persons alike. The recommendations of the Committee secured embodiment in the Railway and Canal Traffic Act, 1854, from which a somewhat lengthy quotation is necessary to indicate its far-reaching character—

"Every Railway Company, Canal Company, and Railway and Canal Company, shall according to their respective powers afford all reasonable facilities for the receiving and forwarding and delivering of traffic upon and from the several railways and canals belonging to or worked by such Companies respectively, and for the return of carriages, trucks, boats, and other vehicles.

"And no such Company shall make or give any undue or unreasonable preference or advantage to or in favour of any particular person or Company, or any particular description of traffic, in any respect whatsoever, nor shall any such Company subject any particular person or Company, or any particular

description of traffic, to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.

“And every Railway Company and Canal Company and Railway and Canal Company having or working railways or canals which form part of a continuous line of railway or canal, or railway and canal communication, or which have the terminus, station, or wharf of the one near the terminus, station, or wharf of the other, shall afford all due and reasonable facilities for receiving and forwarding all the traffic arriving by one of such railways or canals by the other without any unreasonable delay, and without any such preference or advantage, or prejudice or disadvantage, as aforesaid, and so that no obstruction may be offered to the public desirous of using such railways or canals, or railways and canals, as a continuous line of communication, and so that all reasonable accommodation may by means of the railways and canals of the several Companies be at all times afforded to the public in that behalf.”

In addition to the foregoing, the Act also specially provided for the Court of Common Pleas being used for the trial of complaints against the Railway Companies.

By an Act of 1868, the customers who had paid carriage were given the right to demand an account in which the rates for each of the several services were distinguished.

Another important step forward was taken in 1873. The previous year had again witnessed a great epidemic of schemes for railway amalgamations which had so alarmed the trading public, that a Joint Committee was again appointed to inquire into the question of railway legislation. The Regulation of Railways Act of 1873 was the result. This Act did several important things. It reconstituted the Railway Commission upon the basis of combining railway experience with legal knowledge; imposed upon the Companies the duty of publishing their rates in books to be kept at all stations, and gave the Commission power to order the Companies to differentiate in their accounts between the charges for conveyance and terminal services; empowered the Commissioners to fix through rates as between the different Companies; gave authority to the Commissioners to determine the “reasonableness” of any terminal charge; stipulated that the Railway Companies acquiring canals should keep them in working order, and referred to the

Commissioners the power to sanction agreements by which the Railway Companies acquired power over canal rates or traffic. A further and important recommendation of the Committee was ignored. This was that the Companies should be compelled to adopt a new and uniform classification of goods, and that this should be the classification of the Clearing House.

The latitude allowed the Companies in the matter of terminal charges had long caused a good deal of sore feeling, and in 1881 a Select Committee was appointed to inquire into the working of the Act of 1873, and into the general question of rates and fares with special reference to the question of terminals. As the work of this Committee will again have to be dealt with later on, it will be sufficient to say that the result of their deliberations did not find legislative expression until 1888, when the Railway and Canal Traffic Act was passed. This Act very considerably strengthened the power of State control. It remodelled the Railway Commission, and gave it authority to hold sittings in different parts of the United Kingdom. Its jurisdiction was also very considerably extended. The most important of its new powers are as follows—

I.—To enforce obligations imposed by special Acts.

(a) Relating to traffic facilities and undue preference.

(b) Requiring a Company to provide works for public accommodation.

(c) Imposing any obligation on a Company in favour of the public or any individual.

II.—To enforce any statutory provisions relating to private sidings.

III.—To decide any question involving the legality of any charge sought to be made by a Company in relation to merchandise traffic, and to enforce payment.

IV.—To compel two or more Companies to co-operate in carrying out orders.

V.—To order traffic facilities and through rates, notwithstanding any agreement between Companies, unless the agreement has been confirmed by Parliament, or by the Board of Trade, or by the Commissioners themselves; and in the case of through rates or tolls on canals, whether the agreement has been confirmed by Parliament or not.

VI.—To award damages either in addition to, or in substitution for, other relief, subject to certain restrictions.

VII.—Upon applications for through rates, to substitute for the rate proposed any rate they deem just and reasonable.¹

It ordered a complete and compulsory revision, by all Railway and Canal Companies, of their maximum rates, subject to approval of the Board of Trade and of Parliament. It also gave formal sanction to terminal charges, but restricted them within maximum limits. It made the law regarding the publication of rates and of "undue preference" more stringent, and extended the rights of the traders in the matter of through rates. And finally it empowered the Board of Trade under certain circumstances to act as mediators between aggrieved traders and the Companies, to obviate, if possible, the need of going before the Railway Commission or an ordinary Court of Law.

By way of retaliation for reduction in certain maximum rates made during the revision provided for in the Act of 1888, the Companies made a wholesale increase in other rates. This led to an Act in 1894, giving the Railway Commission power, upon proof of their unreasonableness, to cause a return to the rates in practice before the increase. But of this we shall have to speak more fully.

In the meantime several alterations had been made in the measure of State control affecting passengers. For their safety the Companies had been compelled to adopt continuous brakes, and the block and interlocking system, and the communication cord. For their convenience smoking compartments had been insisted upon, and the Companies were ordered to make the locomotives consume their own smoke. To protect their travellers from extortion the tickets have to show the fare charged, and milestones by the way have to indicate the distance travelled. And in 1884, Parliament called upon the Companies to provide workmen's trains, offering as an inducement the abolition of the passenger duty upon all such trains.

¹ Railway and Canal Traffic Act, 1888. See also Butterworth, pp. 41—50.

CHAPTER III

THE WASTES OF MANIFOLD OWNERSHIP

THE wastes of the present system, with its manifold ownership and multiplied managements, are enormous. Though the public do not get the advantage of a "healthy competition," they and the shareholders suffer from all the costly disadvantages of elaborate competitive machinery.

One of the most serious sources of waste is the heavy Parliamentary and legal expenses. In 1850 Mr. S. Laing, Chairman of the Brighton and South Coast Railway Company, stated that up to that year, this item alone had absorbed no less than £70,000,000.¹ Writing again as recently as 1886, he declared that for the previous ten years the Companies had spent £5,000,000, or a yearly average of half-a-million in the same way.² We shall certainly be under the mark if we assume a similar annual average since 1850. But taking it, we find the huge sum of £93,500,000 has been expended by the Companies upon law and Parliamentary expenses since the advent of the railway system. This entirely leaves out of account the heavy expenses of traders and others in fighting against the Railway Companies before the Railway Commission. The Marquis of Tweeddale, Chairman of the North British Railway Company, declared that the working agreement arrived at with the Caledonian Company had effected to the former Company alone a saving of £40,000 in Parliamentary expenses during the first half of the year 1892.³ What are called

¹ See also *Report Select Committee*, 1854.

² "Our Railway System," by S. Laing, *Fortnightly Review*, April 1886.

³ *National Railways*, by J. Hole, p. 125.

"legal expenses" are of course always going on, month in and month out, under the present system, but the Parliamentary expenses are chiefly wastes incidental to the preliminary stages of schemes for either additional branches or new lines, and are involved in the promotion of, and opposition to such schemes.

Another grave source of waste during the initial stages of promotion is the bribes, in the shape of exorbitant prices, given to landlords for land, to buy off their opposition to proposed railways. To this is partially due the fact that customers have in England to pay interest upon capital at the rate of £45,000 a mile of railway as compared with £15,000 a mile on the Continent—doubtless a logical result of our anomalous land system.¹ Mr. Joseph Locke declared some years ago that landlords had received from Railway Companies £80,000,000 more than a fair value for their land. He also pointed out that the cost of land and Parliamentary expenses per mile for several railways were as follows—

			For Land.	Parliamentary Expenses.
London and South-Western	...	...	£4,000	£ 650
Great Western	...	...	6,300	1,000
London and Birmingham	...	...	6,300	650
London and Brighton	...	...	8,000	3,000

Many hundreds of miles of railways have been granted by Parliament upon the assumption that they were provoking effective competition with existing routes. Although the mistaken wisdom of this policy was clearly pointed out by Mr. Gladstone's Committee² more than half a century ago, and although its futility has been repeatedly demonstrated, there is still a lingering belief in its efficacy as a means of defence against extortion by the Companies, judging by one or two new Railway Acts recently passed. Mr. S. Laing puts the case exceedingly well in the article already quoted.³ After pointing out how customers have to pay for all the wastes, he proceeds—"Still more so is this the case with regard to a second line

¹ *Our Iron Roads*, p. 30, and *Railway Morals and Railway Policy*, by Herbert Spencer.

² *Select Committee on Railways*, 1844.

³ "Our Railway System," *Fortnightly Review*, April 1886.

made to compete for traffic which one can carry. It is evident that either twice as much must be got out of the public to pay on two capitals as would have sufficed for one, or the public must have to deal with two poor Companies instead of one which was fairly prosperous." He illustrates his contention by an apt allusion to his own Company. He declares that so long as the Brighton and South Coast were alone in the field, they paid fairly well, and their clients were comparatively satisfied. But upon a competing line being promoted, the traffic had to be divided between the two, with the result that the Brighton suffered from a period of seven lean years. "During these seven years," says Mr. Laing, "we did absolutely nothing to improve accommodation, and were obliged to work with old and inferior engines and carriages. Since we again became prosperous, we have undertaken and almost completed branch lines opening up new districts, at a cost of £2,736,000, none of which were productive in themselves, and which never could have been made except by the Company. We have spent £1,246,000 in improving and enlarging stations, platforms, signals, sidings, and other works on the existing lines; and over £1,500,000 in completely renovating our rolling-stock and fitting it with the Westinghouse brake and all other modern appliances for safety. The number of train-miles run, which is the measure of the accommodation afforded to the public, has been increased from 5,309,878 in 1873 to 7,948,757 in 1883, and the number of passengers conveyed from 23,280,032 to 41,296,007, of whom 35,319,752 were third-class passengers, in addition to the very large number of annual and season tickets, which has increased by 70 per cent." All of which, and much more, could have been secured without the public being compelled to provide interest upon another capital. Sir Alfred Hickman relates that when a deputation waited upon the late Chairman of the London and North-Western Railway to complain of the exorbitant rates between South Staffordshire and Liverpool, Sir Richard Moon did not deny the soft impeachment, but assured them that it was their own fault. "You have yourselves to blame. When we alone served South Staffordshire, and were the only Company carrying to Liverpool, our rates were 25 per cent. less than they are now, when you have three Companies for which you have

to pay.”¹ Nor is this a matter for the least surprise. The shareholders of the different systems are not likely to forego a return upon their capital, if the customers can possibly be squeezed by coalition to provide it out of higher rates. And the first article of their creed, “to charge what the traffic will bear,” is as elastic as it is convenient.

The 250-odd separate Boards of Directors, with their incidental appendages, are a luxurious superfluity. In nine cases out of ten the directors are as economically useless as they are socially ornamental. Speaking some time ago, the well-known railway solicitor, Mr. R. W. Perks, M.P., declared that—“As a rule, the average English railway director knew very little about the details of his line. . . . Directors were chosen because of their Parliamentary or territorial influence, and even now some of the directorates of the English railways were crowded with titled directors, who knew little of business life and still less of the democratic requirements and rewards of the present day.”

Mr. Hole gives the following extract from a recent letter in the *Times*, referring to a certain railway and its chairman of directors—“With no general manager, non-existent heads of departments, and a dummy Board of Directors, the railway is practically Mr. —, or, at least, that small portion of Mr. — which he is able to spare from his multifarious duties elsewhere. A proof of the exigencies of these duties is that he was frequently inaccessible to his officers for a month together, and would neither read reports nor answer letters.”²

But probably the statement of the late Sir George Findlay is the most eloquent of the wastefulness of multiplied directorates. Alluding to the Irish railways, he declared that all the work done by the Irish directorates he could do alone in four days a week, and take the other two for fishing on the Shannon.³ While, however, the duties of directors are so nominal, their fees by no means come within that category. Many of them get as much as the salary paid to the Chief of the German State Railways.

A constant cause of serious leakage because of the bootless

¹ *State Purchase of Railways*, by C. Waring (1886), p. 61.

² *National Railways*.

³ See *Report Select Committee on Irish Industry*.

nature of its work is the elaborate machinery jointly kept going by the Companies to check each other. As a change from the old order of things, when the notion of through services was in a nebulous state indeed, the Clearing House is of course an excellent example of the benefits of combination. But with a single railway system and a unified management under the State, its functions would be very largely superfluous. No one suggests its entire abolition, but what is wanted is that its splendid organization of admirably trained officials shall be productively utilized upon essential work. It is doubtless very magnificent, but scarcely sound economics, that 100 clerks should be kept hard at work in Department A to check another 100 in Department B, when the sole object of those in Department B is to merely check those in Department A. It really sounds very much like the story of that wonderful colony where the residents derived their livelihood by taking in each other's washing. The late Sir George Findlay tells us that—"All over the country, at every junction of two railways, the Clearing House has number-takers stationed, who record the number and description of every vehicle that passes a junction going from one line to another."¹ As Mr. A. J. Williams says—"The whole of its vast and complicated system will become needless as soon as all the railways are vested in the State: for there will be no longer conflicting claims to decide, disputes to refer, or cross-accounts to settle. . . . Part of the elaborate machinery of the Clearing House is devoted to the settlement of the rolling-stock account between the different Railway Companies. For this purpose the daily history of each carriage, wagon, tarpaulin, that passes off its own line on to a strange line has to be recorded. . . . There is something painfully ludicrous in this imposing array of clerks engaged in posting up the history of carriages and tarpaulins. . . . The necessity for keeping such records, the adjustment of demurrage accounts at the clearing office, the inconvenience and loss caused by the want of a constant supply of wagons, would cease as soon as the ownership of the rolling-stock became one."²

The interminable complications are another active cause of

¹ *The Working and Management of an English Railway* (1892).

² *Appropriation of the Railways by the State* (1868).

preventible waste. The system seems to have been ingeniously contrived as an endless maze to absorb the time and bewilder the minds of the unfortunate customers. Every effort has apparently been made to avoid simplicity. Thus it has been authoritatively stated that there are no less than the incomprehensible number of 250,000,000 separate railway rates for goods in existence. And Sir Bernhard Samuelson¹ tells us that the German State Railway Management gets into a small book of some 75 pages the whole of the rates upon its system, while the London and North-Western Railway occupies 2000 huge volumes with its own rates alone.

The same dizzy complications prevail with passenger fares.² Where we have millions of separately printed tickets, under the zone system in Austro-Hungary they have only hundreds, if not scores. Certainly the moral and mental gains of the simplified classification of rates and fares that would come with a single State management would be nearly as great as the material economy.

The prodigality of the present system shows up in a startling light, in the multiplied sets of offices, goods warehouses, and the general machinery for collecting and delivery in towns where one with a larger staff would often be ample and equally convenient. A striking example of this is supplied by Messrs. Waghorn and Stevens in the monumental report they prepared for the Traders' Conference.³ The traffic of Liverpool is catered for by six Railway Companies. In pursuance of the "competition in facilities" (rates being the same), the Midland Railway Company erected a great receiving-house in Victoria Street at a cost of 3s. per ton. "Each one of the other five Railway Companies forthwith proceeded to incur outlay and expense of 3s. or 4s. per ton in providing receiving offices, or in erecting more commodious stations and warehouses, until at last they have spent the enormous amount of which they complain (some £13,000,000). Out of the vast cost incurred, for every 1d. which the Companies have spent for the benefit of the trader 11d. has been spent unproductively." This point is also emphasized by Mr. Joseph Parsloe, who says—

¹ *Report on Continental Goods Tariffs*, made to Association of Chambers of Commerce, 1886.

² See Chapter XV.

³ p. 52.

"Such a system surely involves an exhaustion of resources which cannot fail to affect public interests. At a town where there are two Companies each must of course provide a separate and expensive staff of men, horses, and drays for collecting and delivering goods, as well as a separate staff at the stations to perform the necessary duties there. It is easy to see what a vast amount of money might be saved, and how the work would be expedited in each town were the system completely centralized."¹

Again, we must not forget the sheer waste involved in the employment by each Company at handsome salaries of a skilful regiment of experienced canvassers and advertisement agents, whose sole function is to secure the traffic for their particular line without being able to offer any lower rates as a special advantage to prospective customers. Such labour is economically thrown away; but being so highly skilled there would be no difficulty under a proper system of utilizing it in directions that are genuinely useful and productive.

Another continuous source of waste is in the running of duplicated passenger trains from the same place to the same place, at practically the same time, all only sparsely occupied. Writing to the *Times* upon the glaring example of the South-Eastern and the Chatham and Dover Companies, Mr. F. K. Munton says—

"Having been obliged to go twice a week to Dover for eighteen months at a stretch, I over and over again observed the state of things there which showed that if the two Companies would combine one joint train to some agreed point near London, portions being taken thence to Cannon Street and Holborn respectively, both Companies' dividends would be appreciably increased. I contend that at least for six months out of twelve two half-loaded express trains at the same hour tearing through the country from Dover to Charing Cross and Victoria (a mile or so apart from each other in London) is an unparalleled waste of power, which two Companies peacefully inclined should try to terminate."²

Even Mr. W. M. Acworth declares that—

"It has been mournfully acknowledged over and over again, by railway men themselves, that the competition in express

¹ *Our Railways* (1878).

² January 24, 1891.

trains—say, between London and Manchester, or Manchester and Liverpool—is extravagant. A third of the number of trains could carry the whole of the traffic, and even then give a service sufficiently frequent to deprive the public of any right to grumble.”¹

Lamenting the loss thus involved, the Secretary of the London and North-Western Railway gave the following example from his own Company—“The number of passengers booked during two days from Euston—which I believe may be taken as an average—was 4,482, and for the accommodation of those passengers there were sent away trains containing seats for 13,512 passengers. Then with regard to the up-traffic, on those two days 4,336 passengers arrived at Euston, and there were seats for 13,333.”²

The wastes in connection with the goods traffic are even greater. Under the present system, so jealous are the Companies of preserving a monopoly within their own districts, that goods trains and wagons have to return to the parent line within three days of their departure, whether empty or loaded, or suffer a heavy demurrage. This demurrage is so fixed that it pays the “parent” Company better to haul back empty than to wait the chance of a return cargo. The result is that there are nearly as many empty as full goods trains running. In addition to this, there are still the wastes caused by hauling three short trains, with only partially loaded wagons, from the same place to the same place by different routes, where under a unified system a single train would serve the purpose. The prevalence of the “half-load” is much more general than is usually suspected. Mr. Stewart, of the London and North-Western Company, has stated that—“The general managers will tell you that very often a wagon is sent off with a quarter of a ton, which is capable of carrying four or five tons; I believe the general average which is sent off in a wagon is not more than one and a half to one and three-quarter tons.” Mr. Grierson, the late manager of the Great Western, also admits that English merchandise only average about two and a half to three tons per truck,³ while Sir George Findlay puts the average at between

¹ *Nineteenth Century*.

² *Transactions of the National Association for Promotion of Social Science*, 1868, p. 595.

³ *English and Foreign Railway Rates*.

one and two tons for trucks that are constructed to carry five tons at least.¹ Commenting upon this admission, Mr. Jeans,² in his able work on railway economics, writes—"Mr. Grierson has admitted that in England the ordinary goods truck is not filled to the extent of more than one-half its carrying capacity—that instead of carrying six or seven tons, it is usual to carry only two and a half or three, and hence we find trains carrying no more than 70 to 100 tons, when they might just as well carry 250 or 300. Obviously if the rule were the other way, the train-mile receipts, instead of being only 4s. 10d. or 5s., should be double that figure, and as the cost of working goods traffic decreases in an almost direct ratio with the weight of the train, or rather of the live or paying load, the adoption of fuller wagon-loads would give a much higher range of receipts in proportion to the ordinary working expenses." In this respect the United Kingdom is worse off than either of its chief competitors, as the following comparative table shows—

Average train load	United States	...	173 tons
"	Germany	... ..	132 "
"	France	... ..	121 "
"	Belgium	... ..	96 "
"	General average	...	130½ "
"	United Kingdom	...	70 ", ³

What do the wastes of the present system, with its manifold ownership and divided management, amount to? Only an approximate figure can, of course, be given, in the present defective state of railway statistics. The Secretary of the London and North-Western Railway Company—and he would not be likely to err on the side of exaggeration—estimated the loss at 20 per cent. of the working expenses.⁴ A similar estimate has been made by the late Sir Edwin Chadwick, C.B., the eminent engineer.⁵ Another railway authority, Captain Laws, manager of the Lancashire and Yorkshire line, has placed the estimate

¹ *The Management of an English Railway.*

² *Railway Problems.* ³ *Ibid.*

⁴ *Transactions Social Science Association*, 1868.

⁵ *Journal Royal Statistical Society*, 1873 (Railway Debate).

at 24 per cent.¹ But, to be on the safe side, let us take the lower of these two and apply it to the working expenses of 1905. These amounted to £70,000,000, and 20 per cent. of that gives us the enormous sum of practically £14,000,000 a year, as the mere preventible wastes of the present system.

¹ *Journal Royal Statistical Society*, 1873 (Railway Debate).

CHAPTER IV

THE BREAKDOWN OF COMPETITION

THE competitive principle has practically ceased to operate upon our railways. Superficial appearances might possibly seem to indicate otherwise. There are still several hundred Railway Companies, with their distinct organizations, their separate directorates, their duplicated services, and all the usual concomitants of competition. But in reality our railways are welded into a powerful monopoly. In fact, the present system may be fittingly described as Monopoly in the guise of Competition. It certainly combines all the wastes and disadvantages of elaborate competitive machinery, with all the dangers and disadvantages of private monopoly. It took a long time for the country to learn this elementary lesson—nor have they fully taken it to heart yet. The Select Committee of 1872 declared that—"Committees and Commissions carefully chosen have for the last thirty years clung to one form of competition or another ; it has nevertheless become more and more evident that competition must fail to do for railways what it does for ordinary trades, and no means have been devised by which competition can be permanently maintained."

And further—"The predominant idea in the mind of the public has been that competition, which is so powerful a regulator in most commercial affairs, would also suffice to regulate railways ; whilst, nevertheless, by a slow and gradual process of experiment, one form of competition after another has been proved to be inadequate. . . . There is little real competition between Railway Companies, and that little is disappearing by degrees without any possibility of maintaining it."

Sir Rowland Hill—of Post-Office fame—was still more emphatic as to the futility of looking for effective competition between Railway Companies—"All expectation of benefit to the public from competition on the respective lines has been baffled by the mere force of circumstances."¹

Even the chairman of the Brighton Company frankly admits that "in the case of railways we must start with the fact that they are, and always must be, monopolies."² While the late Sir George Findlay shows that the Companies having learned wisdom, monopoly is practically inevitable. He says—"In days gone by, it cannot be denied that Railway Companies incurred great losses and sacrificed a considerable portion of their revenue by extreme competition amongst themselves, but in this matter, as in many others, they have gained wisdom by experience and profited by the uses of adversity."³

In the chapter upon "The Rise of State Control," it has been seen that the individual Company killed the competition upon its own system by itself becoming the carrier, and by making it practically impossible for traders to avail themselves of their legal right to provide and haul their own trains. But to break down competition between themselves various methods have been adopted. The chief of these are—

1. Amalgamation.
2. Subsidizing other Lines.
3. Pools.
4. Rate Conferences.

The process of amalgamation has been a characteristic feature of railway development for at least half a century. Practically the whole of our present great systems are mosaics, so to speak, of small systems for which separate Parliamentary sanction was originally obtained. Thus, for example, in 1872 the North-Eastern Company was an amalgamation of thirty-seven previously distinct railways.⁴ And this is typical of what has gone on throughout the country. Up to a point this amalgamation of small Companies, even in private hands, is much to be preferred upon grounds of efficiency to a large

¹ See *Minority Report Devonshire Railway Commission*, 1865-6.

² *Fortnightly Review*, April 1886.

³ *The Working and Management of an English Railway*, p. 265.

⁴ *Journal Royal Statistical Society*, 1873 (Railway Debate).

number of petty concerns, even in competition. And, regardless of the public interest, amalgamation is a process that circumstances have made, and will continue to make, inevitable. The late Mr. Biddulph Martin, President of the Royal Statistical Society, said—"If, therefore, we fancy that the 'struggle for life' is as strong in Railway Companies as in those other soulless organizations whose developments have been studied with so much interest, and look to the natural antipathy of two or more competing lines to give us an excellent service of trains, moderate tariff, and reasonable devotion to our weaknesses and comforts, we are trusting to a slender reed; the end is always the same—amalgamation. The lion lies down with the lamb, and both fleece the confiding public."¹

In spite, however, of the repeated epidemics of amalgamation, there are still some 450 distinct Companies, of which many have their separate Board of Directors and contingent expenses. But of these about 260 receive subsidies² from and are worked by the half-dozen chief Companies. In this way Mr. Parsloe states that two-thirds of the whole railway mileage are controlled by six Companies.³ Mr. Charles Waring has put the case somewhat differently. He states that out of 6,000 railway stations in the United Kingdom, only at 1,500 do lines controlled by more than one Company meet.⁴ Mr. Hole declares that "about a dozen oligarchies control the traffic of the country." Amalgamation is certainly much less objectionable from the public point of view, as well as that of the shareholders, than this policy of subsidy, to receive which year by year is apparently the only *raison d'être* of some Boards of Directors. And from this standpoint there is certainly something to be said for the report of a Select Committee in 1846. Speaking of the alarm created in the public mind by the great railway amalgamations then pending, they agreed that there was some reason for such alarm, but declared that amalgamation "enabled the Companies to conduct their operations with less expense to themselves, and consequently with diminished charges to the public; it conduces to better arrangements, and thereby increased safety

¹ *Journal Royal Statistical Society*, 1873 (Railway Debate).

² *Railway Returns*, 1895.

³ *Our Railways*.

⁴ *State Purchase of Railways*.

to life and property. It enables Companies conjointly to provide increase of accommodation for the public at their terminal stations which many of them could not separately afford." ¹

Of course when amalgamation takes place the public may or may not derive any advantage, but under the process of subsidy they are practically certain not to get much, for the necessity of keeping up the expenses of dual ownerships and partially divided managements, are pleaded as absolute bars to any considerable reduction being made in rates and charges.

As an indication of the extent to which the large Companies control the small ones by means of subsidies, the case of the Great Western is instructive. The following is a list of the Companies subsidized by it, with the amounts of the subsidies in 1894 and 1895—

	Dec. 1895			Dec. 1894
	£	s.	d.	£
Abbotsbury	395	6	11	384
Abingdon	804	9	5	732
Bala and Festiniog	5484	6	5	5367
Banbury and Cheltenham	5000	0	0	5000
Birkenhead	24,749	11	2	24,750
Birmingham and Henley in Arden	317	15	9	293
Bridport	2264	4	4	2181
Buckfastleigh, Totnes and South Devon	1979	9	9	1873
Cornwall minerals	9400	0	0	9400
Corwen and Bala	2770	11	8	2719
Devon and Somerset	9067	19	3	8640
Didcot, Newbury and Southampton	4150	0	0	4150
Ely Valley	2000	0	0	2000
Forest of Dean Central	92	9	0	123
Halesowen	215	0	4	218
Hammersmith and City	5165	0	0	5160
Helston	1314	19	11	1304
Herefordshire and Gloucestershire Canal Co.	2500	0	0	2500
Kington and Eardisley	—	—	—	784
Leominster and Kington	3460	2	3	3460
Llangollen and Corwen	3062	7	3	3022
Lostwithiel and Fowey	167	17	5	—
Carried forward	£84,361	10	10	£84,060

¹ Report Select Committee on Railway Regulation, 1846.

						Dec. 1895			Dec. 1894		
						£	s.	d.	£	s.	d.
Brought forward						84,361	10	10	84,060		
Marlborough	...	...	...	...	...	1352	7	9	1291		
Milford	...	...	...	...	...	733	0	2	733		
Minehead	...	...	...	...	...	1353	19	6	1216		
Nantwich and Market Drayton	...	...	...	...	...	3451	19	3	3452		
Princetown	...	...	...	...	...	472	15	0	473		
Ross and Monmouth	...	...	...	...	...	4225	0	0	4225		
Shrewsbury and Hereford, including Tenbury	...	...	...	...	...	10,275	0	0	10,275		
„ and Welshpool	...	...	...	...	...	3000	0	0	3000		
Staines and West Drayton	...	...	...	...	...	1012	13	0	738		
Teign Valley	...	...	...	...	...	600	0	0	613		
Vale of Llangollen	...	...	...	...	...	3195	17	5	3056		
Vale of Towey	...	...	...	...	...	750	0	0	750		
Victoria Station and Pimlico	...	...	...	...	...	1065	0	0	1065		
Wenlock and Wenlock Extension	...	...	...	...	...	3642	16	2	3000		
West Cornwall	...	...	...	...	...	20,351	1	10	20,351		
West London	...	...	...	...	...	450	0	0	450		
West Somerset	...	...	...	...	...	3300	0	0	3300		
Weymouth and Portland	...	...	...	...	...	1125	0	0	1125		
Wye Valley	...	...	...	...	...	1915	0	0	1915		
						£146,633	0	11	£145,088		

Sometimes subsidies are even given by one large Company to another to merely buy off opposition. Thus the London, Brighton and South Coast Company pay the South-Eastern a yearly subsidy of £24,500, not to use their running powers to Eastbourne! ¹

The wiser heads among the railway authorities have long seen the advantage of "pooling" from the shareholders' point of view. In urging the Companies to prevent dividends falling a few years ago, the late Sir George Findlay said—"The Companies, if they are wise, will achieve this object by some kind of combination amongst themselves by which excessive competition may be obviated, and two or more Companies carrying between common points may be enabled to reduce their train mileage, to curtail the running of unprofitable trains, and a great deal of unnecessary expenditure, and to keep the speed of the trains within reasonable limits, so as, without lessening the accommodation offered to the public, to preserve conditions under which the business of carrying passengers may

¹ "State Purchase of Railways," by C. Waring, *Fortnightly Review*, June 1886.

again be conducted with a fair margin of profit to those whose capital is engaged in it.”¹

And he thus describes the way in which railway pools are worked²—“In addition to the system of agreeing the rates between competing points, there is another plan which Railway Companies sometimes adopt in order to avoid the losses arising from competition, which is known as ‘Percentage Division of Traffic,’ and which is carried out in the following manner. Supposing that there is a certain traffic to be conveyed between two towns or districts, and that there are two or more Railway Companies, each having a route of its own by which it is enabled to compete for the traffic. An agreement is come to that the receipts derived from the whole of the traffic, carried by all routes, shall be thrown into a common fund, and that each Company shall be entitled to a certain percentage of the whole—say, for example, 50 per cent. to the Company having the best route, 30 per cent. to the second, and 20 per cent. to the third. The percentages are usually adjusted on the basis of past actual carryings, but in settling the terms of the agreement due weight is accorded to any prospective advantages which may entitle one Company to claim a larger proportion than it has carried in the past. As an agreed allowance is fixed with due regard to the actual cost of the service, it will be perceived that there is no very great inducement for any Company to carry more than its share.” Professor Hadley declares that “the agreements between rival routes have been so permanent that they are sometimes no longer felt as a restraint, so thoroughly has traffic adapted itself to their conditions. This is the case with many pooling arrangements. The early history of English railway pools is obscure. They first assumed importance some thirty years ago. The London and North-Western seems to have taken the lead in this policy. Its great rival, the Midland, while maintaining rates, has been less inclined to divide traffic. English railroads have had great advantages over ours (American) in enforcing these agreements. The courts have looked upon them with less disfavour, and statesmen with much more favour than has been the case in the United States. At

¹ *The Working and Management of an English Railway.*

² *Ibid.* p. 266.

present they seem to be losing some of their importance ; not because they are powerless, but, as already indicated, because traffic has become so stable that they are less necessary than they were.”¹

But the most far-reaching process by which competition has been stamped out, is that of the Rates Conference. Where Companies have not been prepared to sink their identity in amalgamation, or to have their competition bought off with subsidies, and where their conditions of traffic have not been sufficiently uniform to permit of them “pooling,” they have readily resorted to the Rates Conferences to keep up charges against the public by mutual agreement. Nor do the Companies attempt to make the slightest secret about these conferences. The late Sir George Findlay thus describes them—

“A certain amount of healthy competition will always exist ; but the Companies now mitigate its severity by agreeing amongst themselves what the rates between competitive points shall be by all routes. The competitive rates between most places in Great Britain are, in the main, governed by two Conferences. . . .

“The English and Scotch Traffic Rates Conference is composed of representatives (who are usually the chief Goods Managers) of all the Companies, both English and Scotch, who are interested in the carriage of goods between places in England and places in Scotland by the various routes.

“These representatives meet once a month and deal with all questions arising in connection with the making of new rates or the alterations of existing rates for competitive places between which more than one Company can carry.

“The Normanton Conference, which was originally established to control the rates for a certain district of Normanton, where its meetings were formerly held, as a convenient centre, has gradually so much extended its scope that it is now composed of representatives of nearly every Company of any importance in England, and governs almost the whole of the competitive rates which are not dealt with by the English and Scotch Conference. The cross-channel rates between England and Ireland are controlled by an English and Irish Traffic Rates Conference. Besides these three, there are some minor Con-

¹ *Railroad Transportation*, p. 159.

ferences, which have been established in connection with the traffic of particular districts but have not the importance of those which have been already alluded to.”¹

A great deal of evidence was submitted by the traders to the Select Committees on Rates in 1881-2, showing how effective were these Conferences in depriving the public of the advantages of competition. But the admissions of Mr. Grierson, Manager of the Great Western Railway, are sufficiently conclusive to obviate the need of quoting from the aggrieved traders. The following is an extract from his evidence—

“Q. You say there is no competition on the part of Railway Companies?

“A. There is a competition of accommodation, but they do not undercut one another in the rates.

“Q. They form a ring?

“A. They arrange the rates. You will readily understand that that must be so, it could not be otherwise.

“Q. It is not to the interest of the public, certainly, is it?

“A. The public could not expect anything else. If you mean that the Railway Company should carry at a loss, that certainly would not be to the interest of the public.

“Q. I think you stated yesterday that the great evil that lay at the root of all the trade at present, the coal and iron trade especially, was the severe competition one with another, and that the reduction of the railway rates would not materially assist them?

“A. It is so with production.

“Q. So that you have upon the one side a severe competition among the traders, but upon the part of the Railway Companies the traders have none whatever?

“A. They have this competition. The Midland Railway will do all they can to bring in coals from their districts; the Great Northern will do the same from theirs; the London and North-Western from theirs, and the Great Western from theirs.

“Q. I am quite aware of that, but they will not alter the rates. I believe they have an agent who goes to each colliery district, and they do all they can to get the trade on their line, but that agent does not offer any reduction of rates to do that?

¹ *The Working and Management of an English Railway*, p. 265.

"A. The canvassers could not go to the colliery proprietor and say his Company would reduce the rates ; the rates had been arranged beforehand."¹

Practically free then from the regulating power of an active competition, by what principles do the Companies fix their rates ? The shortest answer would be, "By as much as they can get." Such a crude reply would scarcely however give a correct impression of the refined and scientific calculations to which the managers resort to secure the uttermost possible farthing. It would in fact only be the truth at the expense of politeness. According to the late Sir George Findlay—

"The rates are governed by the nature and extent of the traffic, the pressure of competition either by water, or by a rival route, or by other land carriage ; but, above all, the Companies have regard to the commercial value of the commodity, and the rate it will bear, so as to admit of its being produced and sold in a competing market with a fair margin of profit. The Companies each do their best to meet the circumstances of the trade, to develop the resources of their own particular district, and to encourage the competition of markets, primarily, no doubt, in their own interest, but nevertheless greatly to the advantage of the community. . . . So long as competition does not exist, they are only discharging their duty to their shareholders in obtaining what Parliament has sanctioned as a fair rate of remuneration for the services they perform, but when a rival is in the field, they are justified in concluding that 'half a loaf is better than no bread at all ;' although it by no means follows that their previous charges were unfair or excessive."²

Let us examine this extraordinary statement point by point, and for the sake of simplicity let us take first the case where a single railway has a complete monopoly. Here, says Sir George, "the Companies are only discharging their duty to their shareholders in charging what Parliament has sanctioned as a fair rate of remuneration." "What Parliament has sanctioned" is the legal maximum, not as a fair rate of remuneration under normal circumstances, but as a point beyond which the Companies cannot go under the most abnormal

¹ *Railway Rates and Radical Rule*, by J. B. Pope.

² *The Working and Management of an English Railway*, p. 264.

circumstances. The "maximum" is a survival from the old law of carriers, and though in those days, when the cost of transit was much greater than now, it might have approximated to substantial fairness, it has long ceased to be other than a legal anachronism. As we have seen in a previous chapter, the Select Committee of 1846 declared that—"It is proper no doubt that maximum fares should be fixed in all Railway Acts, but though they may be fixed with care and may sometimes approximate to fair rates at a given time, they can never meet all future contingencies. . . . The maximum rates are however almost always extravagantly high." It is not too much to say that if the "legal maximum rates" were universally put into operation, certain English industries would be immediately ruined. Professor Hadley says—"Every careful student of the question from Morrison, in 1836, down to the Committees of 1872 and 1882, has come to the conclusion that fixed maxima are of next to no use in preventing extortion."¹ And the Chairman of the Brighton and South Coast Railway, in admitting the need for more effective State control, stated that as a security against extortion the tariff of maximum rates fixed by the Acts of the Companies "is very nugatory, for all the special traffic, comprising more than half the total tonnage, would be annihilated by charging the maximum rates."² For Sir George Findlay, therefore, to contend that the Companies are merely discharging a duty to their shareholders in charging what Parliament has sanctioned, is to claim that on their behalf he has a right to annihilate half the trade of the country.

Now let us take what Sir George Findlay euphoniously calls "competitive rates," but which he frankly admits are fixed by combination. Here the Companies claim a discretion to fix the rates according to their own sweet will. As Mr. J. Buckingham Pope has well put it, they have power to pass all the trade of the country through a sieve in which they claim the right to regulate the size of the meshes. These rates they fix according to—

1. The nature and extent of the traffic.
2. The pressure of competition—
 - (a) By water.

¹ *Railroad Transportation*, p. 178.

² *Fortnightly Review*, April 1886.

(b) By a rival railway route.

(c) Or by other land carriage.

3. (Above all) the commercial value of the commodity.

To really appreciate the dangers of the first claim that rates shall be fixed by the Companies according "to the nature and extent of the traffic," we must note that "the Companies each do their best . . . to encourage the competition of markets." It is certainly remarkable that a country which boasts of its Free-trade policy, and puts up its hands in indignation at any proposal for giving State bounties to "encourage the competition of markets," should yet tolerate our railways, under Parliamentary sanction, conferring "Bounties" whensoever and wheresoever they feel inclined. As we shall see in later chapters, the effect of this policy is the creation of gross preferences with great injury not only to districts and trades, but to the nation as a whole. To artificially promote long-distance traffic, they bring districts that are remote into rivalry, by relatively low rates, and keep them out of adjacent markets by rates that are high. In other words, they give a bounty in one place and put an exorbitant tax on in another.

But let us pursue the application of the principle a little further.

"According to the nature and extent of the traffic." If a certain traffic in a district does not promise to be very large, the Companies will kill it, by the dual policy of charging it high rates and by spoiling any chance it might even then have by flooding the markets, through cheaper rates, with a similar commodity from elsewhere. Thus will the Companies spoil the markets for Kentish fruit-growers by bringing French fruit at a much less rate. And so on, as we shall see.

Next we are told that rates are fixed by the pressure of competition—

(a) By water.

(b) By a rival railway route.

(c) By other land carriage.

Probably Sir George Findlay was speaking prophetically of the Motor-car when he spoke of the competition by "other land carriage," for certain it is that goods rates hitherto have not been materially affected by anything of this nature, unless it is in one or two districts of Ireland. With passenger fares, especially for suburban traffic, the position has, however, been

considerably affected by electric trams within the last few years. And as to rival railway routes, we have already seen what that means, with the Rates Conferences. This leaves us with water carriage. Now we shall see in the next chapter that practically the whole of the canal competition has been killed by the Railway Companies. So that the only competition which has to be considered is that of the sea. And even this has been nullified to a large extent by the railways acquiring the docks and harbours in many places, and by working agreements with steamship companies. Still, after making all allowance for this, there is a good deal of real competition between the sea and the railways. Let us consider it then. Sir George Findlay says that "where there is a rival, the Railway Companies are justified in concluding that half a loaf is better than no bread at all," by which he means that to get the traffic they are justified in charging lower rates than where they have a monopoly. Are they? If so, then of course the preferential rates to foreign traders and producers are fully justified. But if not, then they are grossly unjust. The case has been rightly stated by the *Times*.

"There are no arguments within the range of human ingenuity that will convince a Sussex hop-grower of the equity of an arrangement by which foreign hops are brought from the other side of the Channel for less than he has to pay to get them across Surrey. . . . For nothing can shake the belief of the home producer, and in our view nothing ought to shake it, in the argument that if these low rates pay the Companies, he is shamefully overcharged, while, if they do not pay, he is still overcharged to cover the loss and bring up the average."

But the most preposterous of all claims by the Companies is that they shall charge according to the commercial value of the commodity, or, in the phrase most general, "what the traffic will bear"—they being sole arbiters. The application of this theory has probably been productive of more mischief to the traders than any other of the many plausible theories by which the Companies regulate their relations with the public.

Does "what the traffic will bear" mean all that can be got short of sending it away? Presumably that is what is meant, for Mr. Grierson says—"Producers pay what they find it worth

while to pay; they pay no more.”¹ That simply corners the producer. It places him in the position of having to decide whether he will pay what may be an extortionate rate or close his works and retire from business. It compels him to go on at a loss or to stop. There is plenty of evidence, says Mr. Waring, that producers in numbers have to make this selection, and that they pay more than they can afford rather than give up the struggle.

Even supposing that the Companies really did what Sir George Findlay declares they do, that is, fix the rate of a commodity “so as to admit of its being produced and sold in a competing market *with a fair margin of profit*,” it may then be asked by what manner of possible right have they to say what shall or shall not be a trader’s profit? The claim is as astounding as it is absurd.

¹ See his evidence, Select Committee, 1881-2.

CHAPTER V

THE KILLING OF CANAL COMPETITION

AN intimate part of the case against the private railway *régime* is the effective manner in which the Companies have contrived to kill the competition of the canals. In the lighter kinds of traffic, in which quick transport is a primary consideration, the railways had practically a monopoly from the beginning, superseding canal, coach, and carriers' cart as soon as they made their advent, but in the transport of minerals, grain, timber, and similar traffic where speed is not the first element, the less cost of water transit gave the canals a natural advantage and made them formidable competitors.

This difference in the cost between railway and water carriage is very considerable. Mr. F. R. Conder, C.E., a recognized canal authority, presented the Canal Committee of 1883 with the following interesting comparison—

Average cost per mile in England and Wales—Canals, £3,350; railways, £46,000.

Cost of maintenance of works for equal volumes of traffic—On canals, less than one-fourth that on railways.

Cost of conveyance of heavy material—By canals, less than one-third than by railway.

Economy of transport by canal—64·7 per cent. on working expenditure.¹

Sir Arthur Cotton declared that goods can be conveyed by water at one-tenth of the cost of conveyance by railway.²

¹ *Report Select Committee on Canals*, 1883, Appendix.

² Paper on *Inland Navigation in the United Kingdom*, by Mr. Edwin Clements, at Fourth International Congress on Inland Navigation (Manchester, 1890), p. 8.

Under such circumstances, it is perhaps scarcely a matter for surprise that far-seeing railway managers set about muzzling a competition so dangerous to their own interests. And how successful they have been in their efforts is attested by the fact that out of a canal system of 3,800 miles they are masters of more than a third. There is some difference of opinion as to the exact mileage controlled by the railways. Mr. Conder gives it as 1717 miles,¹ and Mr. Edwin Clements as 1387 miles.² But according to the official returns there are eighty-nine navigations, with a total length of 2,609 miles, in the hands of independent authorities, and fifty-four, with a mileage of 1205 miles, in the hands of the Railway Companies.³ This disparity is not without reason, for it proceeds from the difficulty of clearly ascertaining whether in certain cases the canals are free, or are subject to the control of the railways. But that the official figures of railway canals are considerably below the actual has been effectually shown by Mr. Edwin Clements, who points out that the Birmingham Navigation, 159 miles long, although returned as an independent canal, is practically in the hands of a Railway Company, the London and North-Western guaranteeing it a dividend of 4 per cent. in perpetuity; and the Regent's Canal, eleven miles in length, returned also as independent, is vested in the Regent's Canal, Dock, and Railway Company. Again, the Louth Navigation, twelve miles long, and returned as independent, was, according to special returns made in 1883, leased to the Great Northern Railway Company.⁴

But the mere mileage is after all a very inadequate indication of the power possessed by the Railway Companies over the canal navigation of the country, for they have not indiscriminately acquired canals wheresoever and whensoever they were obtainable. They have had much more regard for economy and diplomacy than that. As Mr. Conder states, they have obtained their "1717 miles of canals so adroitly selected as to strangle the whole of the inland water traffic."⁵ This view is amply endorsed by Mr. Spence, who, in a striking paper which he presented to the Select Committee on Railway Rates, declares that of the canals purchased by the railways or otherwise taken

¹ *Report, Fifth International Congress Inland Navigation* (Paris, 1892).

² *Ibid.*

³ For 1889.

⁴ Fourth Navigation Congress.

⁵ Evidence before Canal Committee, 1883.

under their control most of them are so situated as to enable the Companies effectually to control the through traffic.¹

Nor have the methods by which the Railway Companies have secured Parliamentary sanction to their acquisition of canals been altogether admirable. Mr. Conder says that they have acquired them "by means of very questionable legality." Professor Hadley also, as a perfectly impartial student of railway economics, declares that "they have gotten possession of competing canals, sometimes by methods whose legality was doubtful."² Many of the canals were secured by the Railway Companies in days when railway competition was at least an actuality in many districts, and before, therefore, the alarm of the traders had found definite expression in Parliament. But even since legislation has been passed with the object of preventing canals falling into the hands of railways, several cases have arisen where actual ownership has been transferred to the Companies, and still more instances where, by evading the spirit of the law, power of control has been obtained. As an example of the former, the following evidence of Sir Benjamin Hingley, chairman of the South Staffordshire Iron-masters Association, given before the Select Committee on Railway Rates, sheds considerable light. The questions and answers have reference to the amalgamation of the Shropshire Union and Bridgewater Canals with the London and North-Western Railway Company:—

"Q. Upon what grounds did the Railway Companies obtain those powers from Parliament enabling them to absorb the canals?

"A. The grounds publicly stated were, that it would promote economy and enable them to carry at reduced rates.

"Q. How did they support that? did they say they would be able to work the undertaking more cheaply?

"A. That they would be able to reduce the charges and promote economy and work more cheaply.

"Q. Would you say that that prophecy has been falsified in the result?

"A. It has been altogether falsified as far as Staffordshire is concerned.

"Q. Since the competition has disappeared, owing to this

¹ Questions, pp. 472-6.

² *Railroad Transportation.*

amalgamation, have you been charged higher rates to and from the Midland district?

"A. Yes, the rates have been gradually advanced."¹

And a striking illustration of how the law has been evaded was afforded on the same occasion by Mr. Spence,² who stated that—

"The history of the Bridgewater Company illustrates how completely the spirit of sect. 16 of the Act of 1873, which makes it illegal for Railway Companies to take over or in any way control the traffic of a canal, may be evaded by the railway interest. The Company was formed by railway men at the time of the passing of that Act, and with the direct object of overcoming the difficulty it presented. Its capital was subscribed mainly by shareholders of the Midland and Manchester, Sheffield, and Lincolnshire Railway Companies. Its directors are all, or nearly all of them, railway men; and both in the management of its tolls and its carrying department, it has throughout exhibited all the worst features of the railway policy."

Mr. James Hole also asserts that a Railway Company in one case got control of the whole water communication of a district illegally and secretly, by buying the navigation in the names of its officials.³

It is not, however, the mere acquisition of canals by the Railway Companies against which the public so loudly protest. It is the policy pursued after acquisition. The case against the Companies in this respect was clearly stated by the Select Committee of 1881-2. They said—

"Serious complaints have been made by traders and Canal Companies in respect to the working of canals owned by them, or of which they control the navigation. Cases have been adduced where Railway Companies, having acquired possession or control of a canal, have ceased to work it, or allowed it to fall into disrepair, or charged excessive tolls, especially in the case of through rates, and that in consequence traffic is diverted to the railways, where higher rates are exacted, to the injury of traders and the public generally. Your Committee are of opinion that these complaints are not unfounded. A Railway Company owning or controlling a canal may think it profitable

¹ Q. 5496-99.

² Q. 10,438.

³ *National Railways*, p. 69.

to lose the revenue of the canal in the expectation of deriving a greater revenue from the railway to which it is a competitor. And where the canal forms part of a through competing route it is obviously its interest, as a general rule, to discourage through traffic. Transportation can frequently be effected more cheaply by canal navigation than by railway, particularly where the traffic consists of heavy goods of little value, or where speed is not of importance. Your Committee are therefore of opinion that it is impolitic that Railway Companies should have the control, either directly or indirectly, of canal navigation; and that where canals are already under the control of Railway Companies, Parliament should endeavour to insure their use to the fullest possible extent."¹

Nor did the Committee err on the side of severity, for there is overwhelming evidence to show that the chief object the Companies have in acquiring canals is to kill their competition. Thus the Great Northern Railway have entered into an agreement with the Witham Navigation for 999 years, under which they pay £10,545 a year for the tolls and charges to be fixed at so prohibitive a rate that a yearly loss of £755 is sustained. The same Company also give a subsidy of £9,570 a year to the Channel of Fosdyke in return for an annual income of £689!² Again, although the major portion of the railway canals are so situated that, under proper conditions, they should show a larger traffic per mile than those belonging to independent companies, as a matter of fact, they carried in 1880, according to Mulhall, only 5,500 tons of merchandise per mile for every 10,600 conveyed by the independent navigations.³ Mr. E. J. Lloyd, a leading canal authority, told the Committee of 1881, that the Great Western Company have practically a million of money invested in canals; they own the Kennet and Avon, the Stourbridge Extension, the Stratford-on-Avon, the Swansea, the Monmouthshire Railway and Canal, the Bridgewater and Taunton, and the Grand Western Canals. With reference to the Hereford and Gloucester, the Great Western Company pay £5000 a year for it; it is a rent-charge in addition to the

¹ *Report*, p. 13.

² Paper by E. Clement, in *Chamber of Commerce Journal*, October 10, 1892.

³ *Dictionary of Statistics*.

capital. The total amount of capital invested in those canals (excluding the Monmouthshire Railway and Canal, which is a mixed amount and is not divisible) is £633,036, and the total amount, including the Monmouthshire Railway and Canal, is £1,019,486, and the net revenue of the whole of that invested capital last year was £276, and the rent-charges payable in addition were £8,243, so that practically the Company lost £7,966 by the working of the canals. From this, he declared that the Company had spent the money upon the canals not to utilize them for the public, but to shut them up and thus bring the traffic upon the railways.¹

With the object of compelling traders to use their railways instead of the canals, the Companies persistently pursue two clearly defined policies. They either impose rates that are practically prohibitive, or they allow the canals to fall into disrepair, even occasionally to the point of becoming derelict. Speaking of the high rates before the Committee of 1881, Mr. F. B. Grotrian, J.P., ex-President of the Hull Chamber of Commerce, declared that upon the Railway Companies acquiring several canals from Hull, they had immediately put up the rates so as to send the traffic upon the railways. As an example, he cited the case of the Don Navigation, acquired by the Manchester, Sheffield and Lincolnshire Company, who at once put the dues up to such a rate, that they amounted to a half of the freightage.² Sir Benjamin Hingley asserted that the effect of Parliament allowing the Railway Companies to absorb the canals, had been disastrous to the trade of South Staffordshire. The high rates had seriously imperilled the very existence of the finished iron trade, and he believed that there were grave dangers of its coming to a stop if some alterations were not made.³ Mr. Lloyd, General Manager of the Warwick and Birmingham Canal Company, was equally emphatic. He stated that the Railway Companies were charging exorbitantly high rates upon their portion of the through canal system, so as to compel the traffic to go all the way by rail. In fact, the rates upon the same class of goods were as high, or even higher, merely upon their portion of the canals, as for all services the whole distance by railway. In his opinion there was no doubt that, unless a great reduction was made in the charges, the con-

¹ Q. 10,118-22.

² Q. 9,706-11.

³ Q. 5,521.

tinuance of competition from South Staffordshire to London by canal would cease.¹ So anxious were the railways to secure this object, that if independent carriers set up, they either ran them off the canals or bought them off. In fact, by their coercive tactics they had compelled canal carriers to become parties to their conferences for keeping up the rates.²

Mr. Spence also gave one or two striking examples of increased rates upon railway-controlled canals. Whereas, some years ago, when the canals between Manchester and Birmingham were free, he was enabled to forward alum by water, now that the "intervening canals are under railway control, the tolls have been so levelled up, that water-carriage competition has been entirely destroyed. The carriage rates are precisely the same as those by rail, so the canals, instead of getting justice, are actually handicapped by their comparative slowness of transit."

The North-Eastern Railway Company exactly doubled the rates upon the Market Weighton Canal, almost immediately after becoming its possessors. In the case of the Huddersfield, the London and North-Western Railway Company maintain the maximum rate of dues allowed by their Act, although this maximum, fixed upon the same principle as the legal maximum of railway rates, is extravagant and practically prohibitive.³ The same Company charge a third of the total through canal rate from South Staffordshire to London, for a distance that is not a thirteenth of the whole journey. In other words, the full journey is 160 miles, and upon the Birmingham Canal which they control, and which is only a short link of 12 miles, the charge is 33 per cent. of the whole charge of transit.⁴

The cases of Railway Companies permitting their canals to get into a state of disrepair are equally instructive. Mr. Lloyd stated that the southern portion of the Stratford-upon-Avon Canal, belonging to the Great Western Railway Company, had been allowed to get into such a condition that a boat would make very good progress if it made about a mile and a quarter to a mile and a half an hour, and a fully laden boat could only get down it by rubbing through the mud at the bottom at a

¹ Q. 10,160.

² Q. 10,218-20.

³ Q. 10,438.

⁴ Mr. E. Clements, in *Chamber of Commerce Journal*, October 10, 1892.

very slow speed. There was also the Gloucester and Hereford Canal belonging to the same Company. So defective and choked up had the Company allowed it to become, that Mr. Lloyd assured the Committee, a man had had to work exceedingly hard for fifteen hours to merely get along twelve miles.¹ Mr. Spence also gives a number of instances of disrepair, in the special paper he prepared for the Committee. One or two are well worth quoting.

"The Bolton and Bury Canal held by the Lancashire and Yorkshire has been allowed by this Company to get into a very bad condition; it is unsafe to navigate it at night, and is therefore closed nightly all the year round. The canal has been closed for the last six or eight months. . . . The canal has been allowed by the Company to be undermined at one point by a neighbouring colliery; they had powers to prevent this, but declined to avail themselves of them. It is scarcely necessary to add that the great bulk of the traffic during these stoppages is diverted from the canal to the rails of the Lancashire and Yorkshire Company."

"The Sankey Canal, passing through the important manufacturing district of South Lancashire, lying between Widnes and St. Helens, and owned since 1864 by the London and North-Western Company, has its traffic dealt with by that Committee in the following fashion:—By a provision in the Act of transfer the Company were bound to prevent the silting up of the channel connecting the canal with the river Mersey; but this requirement has been practically ignored; a sand-bar is allowed to accumulate at the entrance to the canal, and in consequence there is no exit for loaded vessels during neap tides, that is, during a fortnight of every month. . . . In consequence of these various obstructions the traffic upon the canal has of late years all but entirely disappeared."

"The Canals and Navigations under the control of the North-Eastern Railway Company have been allowed to go lamentably out of repair. I refer to such as the Derwent, the Market Weighton, Pocklington, Driffield, and Leven Canals. Both the condition of the locks and the want of dredging have rendered them almost impassable, and then at such limited draughts as would be unprofitable to work over, even were the

¹ Q. 10,162.

dues not maintained at, I believe, the very maximum allowed by their Acts."¹

The Railway and Canal Act of 1888 professed to give the traders a remedy against the Railway Companies, by enabling them to take legal proceedings for putting an end to some of the worst abuses, and by making canal rates and tolls subject to revision by the Railway Commissioners. But, owing to its cumbrous and mutilated character, this section of the Act has remained practically a dead letter. In fact, as Mr. Spence assured the Committee—"To fix a reasonable scale of railway rates and one of canal tolls, and leave the canals in the hands of the Railway Companies, would be no remedy for the evil, as the Railway Companies, having only one profit on the canals as toll collectors, against two on the railway as toll collectors and carriers, would be certain to find it more profitable to divert the traffic on to the latter; and thus obstacles of all kinds would again be thrown in the way of the canals."²

During the last few years the practical boycott of the canals by the Railway Companies has led to such an outcry that the present Government have been induced to appoint a Royal Commission with the following terms of reference:—

To inquire into the canals and inland navigations of the United Kingdom and to report on—

- (1) Their present condition and financial position.
- (2) The causes which have operated to prevent the carrying out of improvements by private enterprise and whether such causes are removable by legislation.
- (3) Facilities, improvements, and extensions desirable in order to complete a system of through communication by water between centres of commercial, industrial, or agricultural importance and between such centres and the sea.
- (4) The prospect of benefit to the trade of the country compatible with a reasonable return on the probable cost.
- (5) The expediency of canals being made or acquired by public bodies or trusts, and the methods by which funds for the purpose could be obtained and secured, and what should be the system of control and management of such bodies or trusts.

¹ Q. 10,438.

² *Ibid.*

CHAPTER VI

THE BITTER CRY OF THE TRADERS

FROM every district between John O'Groat's and Land's End, and from every industry and trade, from the getting of coal to the selling of pianos, come constant complaints against Railway Companies charging rates that are excessive, preferential, and unjust, and withholding facilities which the traders believe they have a legal right to demand. Either there is substantial ground for these complaints, or the present railway system is a grossly maligned institution. But even under the first of these alternatives there is no need to attribute to railway directorates either an undue lack of patriotism, or motives uncovered by the usual commercial code. They are elected and paid to serve the interests of their shareholders, and if these are not coincident with the interests of the public, then they can scarcely be blamed for the antagonism. The shortcomings will have to be looked for in the intrinsic character of the system. This is anticipating, however. We must first see what justification there really is for the complaints of the traders.

Out of fifteen separate reports presented by the members of the Commission on Trade Depression in 1886, fourteen of them, while disagreeing on most things, are unanimous in citing high and preferential railway rates as one chief cause of the depression. Some do it mildly, and in the formal language of officialism. Others manifest indignation in much more expressive phrases. Said the Majority Report—"Among the causes which are said to have aggravated the prevailing depression, scarcely any have been so persistently put forward as the difficulties connected with the transport of goods."

Upon which Sir Charles Mark Palmer observed—"I think the report of the majority of the Commissioners does not give sufficient importance to the grievances of the traders at home in regard to the policy and conduct of Railway Companies in this country. I think the rates charged are in many cases so high that they are prejudicial to our productive industries, *and more especially as regards agriculture*. The carrying of foreign produce at lower rates than those charged on home produce must seriously hurt all home industries."

And Lord Dunraven and Messrs. Neville Lubbock, Farrer Ecroyd, and P. Albert Muntz, in their Minority Report, declared that among the principal causes of depression is—"The advantage given by our Railway Companies to foreign producers by the conveyance of goods from the outports to the great centres of distribution at lower rates than from the seats of home production."¹

This Commission issued a circular to the Chambers of Commerce asking for opinions upon the causes of depression and suggestions for remedial measures. A large number of the replies laid emphasis upon the injury done by railway rates. The London Chamber of Commerce asked for an immediate "Revision of railway rates and fares, especially the through rates from foreign countries, which practically amount to the creation of a heavy bounty (and that by the Railway Companies) in favour of foreign producers, most detrimental to British producers, and to the agricultural interests of the country."²

The Birmingham Chamber urged—"Fresh legislation for the regulation of railways and railway rates, making minimum rates charged for foreign goods the maximum for home goods, and including the emancipation of canals from the control of the Railway Companies."³

The North Staffordshire Chamber declared that the trade of their district had been seriously affected by "the heavy charges imposed on the transit of raw materials and goods to and from the seaboard, as compared with their foreign competitors."⁴

The Sheffield Chamber asserted that their district, in its foreign trade especially, was always suffering severely from the

¹ *Final Report of Commission on Trade Depression*, 1886.

² Vol. II. p. 390.

³ Vol. I. p. 77.

⁴ Vol. I. p. 107.

high railway rates, but particularly did they feel the pressure in times of depression.¹ The Newark Chamber also asserted that the "inequalities and injustices" of the railway tariffs was a grave cause of depression.² While the Wolverhampton Chamber, after stating that "the most important circumstance affecting the trade of this district is the unfair, unequal, and excessive railway rates which are charged upon all its productions," very strongly expressed the opinion, as the result of long and deliberate thought, that no remedy short of State-ownership was likely to prove an adequate remedy.³

But to appreciate properly the grievances of the trading public, it is necessary to look at the specific rates for the different classes of merchandise.

Let us take the coal first. It is reported that when a proposal was made that the old London and Birmingham Company should carry coal, one of the directors indignantly exclaimed, "What ! carry coal ? Why, they'll be asking us to carry dung next !" And certain it is, as Mr. Acworth tells us, that when coal trucks first passed over this line (now the London and North-Western) they were "sheeted" down that their contents might not be suspected ; and at Weedon, where coal was transferred to the railway from the barges of the Grand Junction Canal, there stood for many years a high screen erected originally to conceal the ignominious transaction from the gaze of the passing traveller.⁴ But the Companies have long made up for this sad example of *lèse majesté*, and to-day recognize King Coal as the twin-brother of King Midas. In fact, they are delighted, as loyal courtiers should be, to allow him the truly royal prerogative of providing them with a fourth of their income.

In 1892, according to the *Mineral Statistics*, prepared by the Home Office, 181,000,000 tons of coal were raised in the United Kingdom. Of this total, we find, if we apply Mr. Mulhall's estimated proportion for 1889, that about 14,000,000 tons were consumed for colliery purposes.⁵ This leaves 167,000,000 tons, and of this net total no less than 137,000,000 tons were conveyed by the Railway Companies and by the Canal Navigations either actually or virtually controlled by them. That is to say, that those interested in the coal trade had to trust to the

¹ Vol. II. p. 406. ² Vol. I. p. 106.

⁴ *The Railways of England*, p. 142.

³ Vol. I. p. 112.

⁵ *Dictionary of Statistics*.

Railway Companies for the conveyance of about 80 per cent. of their net produce. What the amount of toll levied by the Companies upon this coal was there are, unfortunately, no means of ascertaining, as no separate figures are published. All we can do is to see the total charge for all minerals, and how this works out per ton, and in relation to estimated value. In 1892 the minerals raised in the United Kingdom were 290,000,000 tons; imported, 6,000,000; total, 296,000,000. The estimated value being £95,000,000, giving an average value of 6s. 5d. per ton. According to the returns of the Railway Companies, 221,000,000 tons of minerals were conveyed by rail at a total charge of £18,000,000, or a tonnage rate of 1s. 7½d.—that is, a charge of 25 per cent. for railway rates is made on the selling price of minerals. This amount coincides with the evidence of Mr. J. S. Jeans (before the Depression of Trade Commission) and Sir Alfred Hickman (before the Railway Rates Committee), and derived from entirely different means. This charge, then, of 25 per cent. is the tribute rendered by the community to the Railway Companies upon raw minerals alone.

But, when we remember that included in this are all the costly minerals, the average rate per ton for coal, taking the short as well as the long distances, will be very much more than 1s. 7½d., and much more than 25 per cent. of the pit's-mouth price.

In reply to a circular from the Commission on Trade Depression, the Derbyshire, Nottinghamshire, Leicestershire, and Warwickshire Colliery Owners Association declared that "the ruinous effect of the conduct of the Railway Companies in excessive, preferential and capricious rates, and in acquiring, and then practically closing, the principal canals and waterways of the country is not special to the coal trade, it affects the iron trade to a greater and more unjust extent than it does us. But the iron trade being the chief factor in the coal trade prosperity, we suffer not only directly by the pressure of railway monopoly, but indirectly by its calamitous effect on our best customers."¹ And the Mining Association of Great Britain stated—"The heavy trades of coal and iron are also unduly burdened by the high rates and tolls charged by the Railway Companies of the kingdom; the rates in question are much

¹ Vol. II. p. 419.

higher than those charged in other countries, notably higher than in the United States of America and the Continent of Europe, and in some instances (*e.g.* the rate to London) the charges were raised in 1873 on the specific ground that coal and iron were so dear. They have not been reduced, though, as every one knows, the prices of iron have fallen to a figure before unknown, and the prices of coal are lower, relatively to the cost of production, than at any previous time. The Railway Companies are slowly but surely killing the trade of this country by their charges, and by the preference given to foreign competitors."¹

The best way to show the excessive character of our coal rates is to compare them with those of our two chief European competitors, Germany and Belgium, where State railways exist.

Table I. shows the comparative coal rates charged in this country side by side with the charges for equal distances in the two countries named, which was prepared by the British Iron Trades Association.

TABLE I.—RAILWAY CHARGES FROM EBBW VALE.

To	British, per ton.		German, per ton.		Belgain, per ton.	
	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
Talybont	3	0	1	7	1	11
Tallylyn	3	4	1	10	2	1
Brecon	3	9	2	0	2	3
Netherton	5	11	4	4	3	11
Park Head	5	11	4	4	3	11
Woodhouse	6	11	7	11	5	3
Round Oak	6	1	4	8	4	1
Kingswinford	6	1	4	8	4	1
Brettel-lane	6	0	4	8	4	1
Corbyn Hall	6	0	4	4	3	11
Stourbridge	6	0	4	8	4	1
Cradley	6	0	4	8	4	1
Lye	6	0	4	8	4	1
Worcester	6	0	3	11	3	9
Bushey	10	9	9	6	6	0
Berkhampstead	9	6	6	10	4	10
Dunstable	10	5	8	10	5	7
Bletchley	9	3	6	5	4	8
Banbury	8	9	5	11	4	6

¹ Vol. II. p. 413.

Table II. is extracted from an analysis prepared by Sir Bernhard Samuelson for presentation to the Chambers of Commerce a few years ago :¹—

TABLE II.—RAILWAY CHARGES FROM BESTWOOD.

To	British, per ton per mile.	German, per ton per mile.	Belgian, per ton per mile.
Boston—	<i>d.</i>	<i>d.</i>	<i>d.</i>
Home... ..	1·21	0·69	0·75
Export... ..	0·63	²	0·34
Lynn—			
Home... ..	0·79	0·59	0·59
Export... ..	0·50	²	3·31
Sleaford... ..	1·50	0·77	0·87
Grantham... ..	1·51	0·89	0·96
London... ..	0·52	0·52	0·36

For the simple reason, however, that practically no coal is imported into Great Britain, colliery proprietors are free from a grievance that troubles almost every other class of trader and manufacturer. This is the conveyance of foreign merchandise by the English Railway Companies at rates that are much less than those charged to home traders and producers. The anomaly of the preferential rate is not only a source of constant irritation and loss to individual traders, it constitutes a grave national danger. In return for the privilege of monopoly which the community have conferred upon the Companies, one would think that British traders had a perfect right to demand that they should be given the natural advantages of their vicinity to the home markets. But they do not even insist upon this. They do, however, claim to have an equality of treatment with their foreign rivals over the British lines. And in so far as it has expressed itself through the entire press of the country, regardless of party, public opinion is unanimous in supporting the traders' contention.

The *Times* has already been quoted (see p. 41).

The *Standard* speaks of "the iniquitous system of preferential rates."³

The *Morning Post* says—"As the Companies have been

¹ *Report on Foreign Goods Rates.*

² No German port so near collieries.

³ March 15, 1887.

granted an immensely valuable monopoly, the public is within its right in insisting that the privilege shall be used with due regard to the general advantage of the country; and it is idle to pretend that it has been so used, when we see English farmers and English fishermen, to quote two familiar examples, shut out from English markets by the preferential rates which the Companies grant to foreigners."¹

The *Daily Chronicle* declares that "foreign produce is carried over English lines of railways at rates so much lower than those charged for the conveyance of home produce, that even when the cost of freight is added thereto, considerable margin still remains, enabling the foreign competitors to undersell the domestic producer in his own markets. This practically means protection for the foreigner, for it is really nothing more nor less than giving a bounty to the foreign rival of the native producer."²

The *Daily Telegraph* asserts that "the high and unequal inland charges of the Railway Companies, as compared with their tariffs for foreign goods, act prejudicially to their fellow-countrymen and native consumers."³

The *Evening Standard* says "it would be every bit as fair for the Government to pay a direct bounty on imports as to allow Railway Companies to pay it by means of preference rates."⁴

The *St. James's Gazette* sees "no reason why the Companies should be given unlimited power to enable foreign competitors to undersell native producers."⁵

The *Birmingham Daily Mail* states that "the preferential rates system, by which our patriotic Railway Companies do their utmost to foster foreign at the expense of native industry and enterprise . . . bears most unfairly upon the home trade of the country."⁶

The *Leeds Mercury* . . . denies "that Railway Companies, for the sake of obtaining traffic, have a right to break the law against undue preference, and practically to give a bounty to the foreigner to enable him to enter into unfair competition with the home producer."⁷

¹ March 3, 1887.

³ January 17, 1887.

⁶ March 2, 1887.

⁴ April 13, 1887.

² March 15, 1887.

⁵ March 15, 1887.

⁷ March 18, 1887.

The *Newcastle Chronicle* urges "farmers to ask that foreign produce should be charged as much as home produce, for at present scarcely a railway in the kingdom but carries imported produce cheaper than home produce, ton for ton."¹

The *Newcastle Daily Journal* "indignantly asks why a Railway Company should be permitted practically to give a bounty to importers of foreign cattle or corn at the expense of the home producer."²

The *Nottingham Guardian* declares that "the stupid system of the Companies in allowing preferential rates to foreign merchandise has made it impossible to resist State interference."³

In accordance with their principle of charging what (they think) the traffic will bear, the Companies have attempted to justify the preferential rates upon the ground that it is necessary to differentiate in favour of the foreigner to secure his traffic. Parliament have, however, refused to recognize this claim as legitimate, and by the Act of 1888 made a feeble effort to prevent preference rates in future. But as every individual case of alleged preference is left to be contested upon its own merits, and as the aggrieved trader is compelled to show that the circumstances under which the foreign goods are carried are identical even to the most remote details, the system of preferential rates has scarcely been ameliorated in the slightest degree. Most of our trades suffer both from the system of preferential rates, and from rates that are high in themselves.

This is conspicuously the case with the iron and steel trades. The representative Delegation of the British Iron Trade Association, which was recently sent to inquire into the cause of the increasing competition of the Belgian and German iron and steel industries with those of England, report that—"Undoubtedly the greatest factor in favour of the foreign producer is the much larger cost of carriage in this country. . . . The Belgians can send their iron 100 miles to Antwerp by rail, and thence by sea to London, for *considerably less* than is charged by railway from Staffordshire to London. . . . We are of opinion that if English manufacturers enjoyed the same railway rates and royalties as those

¹ March 8, 1887.

² March 19, 1887.

³ March 4, 1887.

on the Continent, foreign competition could be defied in neutral markets."

In support of their assertion they give the following striking comparison—"One of the largest works in Germany, situated more than 150 miles from a shipping port, could reach Antwerp by railway for $3\frac{1}{2}$ marks, or 3s. 6d. per ton of finished iron or steel. Similar produce transported from works in the Midlands to London or Liverpool, similar distances, are charged about three times as much by the English Railway Companies. . . . So far as Belgium is concerned, it may be sufficient to state that the works of Couillet can transport their finished iron and steel to Antwerp—a distance of 70 miles—for 3s., or an average of 0.51d. per ton per mile. As against this low export rate, compare the following rates for export from Staffordshire :—

To	Distance.	Parcels of 4 to 10 tons.		Parcels of 10 tons and upwards.	
		Rate per ton.	Rate per ton per mile.	Rate per ton.	Rate per ton per mile.
	Miles.	s. d.	d.	s. d.	d.
Bristol	94	8 4	1'06	8 4	1'06
Fleetwood	126	14 2	1'35	14 2	1'35
Gloucester	56½	6 8	1'415	6 8	1'415
Hull	134	14 4	1'283	12 6	1'119
Liverpool	97½	10 0	1'230	10 0	1'230
London... ..	115	15 0	1'502	12 6	1'327

The difference here is most marked. It will be observed that, if we take the cost of transport from the Staffordshire district to London, an average distance of 113 miles, the ton-mile rate for 4 to 10-ton parcels is 1.502d., or about three times the average ton-mile rates of Belgium and Germany for export trade."¹

In an able report which he prepared for the Commission on Trade Depression, Mr. J. S. Jeans stated the average British rates are for—

¹ *Report of the Delegation organized by the British Iron Trade Association (1896).*

				Per cent.		
Iron ore	...	...	...	58	higher than	France.
"	...	...	...	87	" "	Germany.
"	...	...	...	87	" "	Luxemburg.
"	...	...	...	82	" "	General average of foreign countries.
Pig-iron, works to ports	...	...	...	40	" "	France.
" " "	...	...	...	43	" "	Germany.
" " "	...	...	...	102	" "	Belgium.
Works to inland markets	...	...	...	68	" "	France.
Finished iron and steel works to ports	...	...	...	79	" "	France.
"	...	...	...	96	" "	Germany.
"	...	...	...	23	" "	Belgium.
To inland markets	...	...	...	120	" "	France.
" " "	...	...	...	115	" "	Germany.
" " "	...	...	...	30	" "	Belgium.

And as to the system of preferential rates in the iron trades, the following table has been extracted by the *Journal of the Railway and Canal Traders*, from the Reports of the Select Committee on Railway Rates and Fares, and the Commission on Trade Depression :—

				Home, per ton.			Foreign, per ton.
				£	s.	d.	s. d.
SHEET-IRON.							
Antwerp to Birmingham	...	...	...				16 8
Birmingham to London	...	...	...		15	0	
NAILS.							
Antwerp to Wolverhampton <i>viâ</i> Harwich	...	...	...				16 4
Wolverhampton to Harwich	...	...	...	1	1	4	
Antwerp to Birmingham <i>viâ</i> London	...	...	...				16 8
Birmingham to London	...	...	...		18	4	
BRIGHT IRON WIRE.							
Antwerp to Birmingham	...	...	...				16 8
Birmingham to London	...	...	...	1	8	4	
GIRDERS.							
Antwerp to Birmingham <i>viâ</i> Grimsby	...	...	...				16 8
Birmingham to Grimsby	...	...	...	1	0	0	
Antwerp to Sheffield	...	...	...				15 0
Sheffield to Grimsby	...	...	...	1	0	0	
COPPER.							
Tyne to Manchester	...	...	...	1	0	0	17 6
IRON CASTINGS.							
West Hartlepool to Leeds	...	...	...		16	8	11 8
Newcastle to Leeds	...	...	...	1	0	0	12 6

The complaints of preferential rates are equally emphatic in all branches of the textile trades. In giving evidence before the Commission on Trade Depression, Mr. Samuel Andrews, Secretary of the Oldham Master Cotton Spinners Association, stated that he had gone into this question of railway traffic a good deal, and it seemed to him that at the time when the railways were formed, the cotton trade was looked upon as a kind of El Dorado. They made cotton pay for other commodities . . . and the consequence was that they found that cotton is perhaps the most heavily weighted, or more heavily weighted than any other commodity which is so convenient to handle.¹

And this is an extract from the evidence of Sir J. C. Lee, one of the largest cotton and general manufacturers in Lancashire—

“Have you given your attention at all to any questions connected with the pressure of railway charges upon goods to Manchester; that is to say, whether you find them add in any way to the depression in trade?—Yes, it costs us as much money to take our alizarine from the banks of the Thames to Manchester, as it costs us to bring it from Germany to Manchester.”

Again—“Do you consider such difference of rates as you speak of, as between Germany and the banks of the Thames, has operated in favour or promotion of the sale of German goods in competition with your own?—Yes, undoubtedly; they can land them here and bring them right into our own market at a less rate in fact. . . . The rate between London and Manchester for alizarine is 27s. 6d. a ton. We asked the Railway Companies for a rate between London and Church—it is about the same distance from London as Manchester. Their reply was 60s. per ton. The rate for freight of alizarine from Mayenne (France) by rail to Rotterdam (Holland), thence by steamer and rail to Glasgow, is 50s. per ton. The rate by rail to Glasgow is 50s. per ton! . . . It costs us as much to take our alizarine from the banks of the Thames to Manchester, as it costs us to bring it from Germany to Manchester.”²

In a return supplied by the North-Eastern Railway Company,

¹ Q. 4380 *et seq.*

² Q. 8084 *et seq.*

to an order of the House of Commons on February 1st, 1887, this comparison of cotton rates is given:—

COTTON MANUFACTURES AND YARN.

			Home.	Foreign.
London to Liverpool	per ton	...	37s. 6d.	25s.
West Hartlepool to Leeds	" "	...	25s.	16s. 8d.
Newcastle to	" "	...	30s.	18s. 4d.
" "	" (Cotton yarns)		23s. 4d.	12s. 6d.

The same return also showed that the rates for English and foreign woollen manufactures and yarn were—

			Home.	Foreign.
Newcastle to Leeds (manufactures)	per ton	30s.	18s. 4d.	
West Hartlepool to Leeds (yarn)	" "	25s.	12s. 6d.	
Newcastle to Leeds (yarn)	...	30s.	12s. 6d.	

Mr. (now Sir) H. Mitchell, the well-known Bradford woollen merchant, told the Commission on Trade Depression that the result of the rate of carriage is that the French goods can be distributed from London at a lower rate than their own goods can . . . A Roubaix (France) manufacturer can send goods to London at a lower rate than Bradford goods can be sent to London.¹ And Mr. C. E. Bousfield, a Leeds woollen manufacturer, declared that it cost them more to bring their wool from London to Yorkshire than it did to take the wool from London to Roubaix. From London to the north of Wakefield, in Yorkshire, the rate is 32s. 6d. per ton, whereas from London to Roubaix it is 22s.²

In the flax trade the same story of inequality prevails. Thus it was shown before the Select Committee that the flax rates were as follows—

			Home.		Foreign.
			£	s.	d.
Hull to Belfast { 2-ton }	...	...	...	0	18 4
Selby to Belfast { lots }	...	...	1	6	8

Hull is 30 miles further than Selby, and the Hull flax is carried past Selby.

¹ Q. 3992-6

² Q. 6328-6577.

And while British linen is charged £1 17s. 6d. per ton from Liverpool to London, foreign linen is only charged £1 5s. 0d.¹

Preferential rates constitute a very serious bounty upon foreign sugar. Mr. L. A. Martin, of Mincing Lane, writing to the *Daily Chronicle*, pointed out that whereas sugar from Hamburg *viâ* Hull to Manchester is only 15s. 3d., English sugar from Hull to Manchester is charged 15s. 10d. per ton. Again, the *Journal of the Railway and Canal Traders* shows that while the charge for home-made sugar from London to Sherborne, which is only 118 miles, is 37s. 6d. per ton, the charge for foreign sugar from Paris to London *viâ* Havre and Southampton, a distance of 340 miles, is only 30s. per ton.

The glass trade is one that suffers severely from foreign competition, and small wonder, for while British glass is charged 35s. per ton from London to Bristol, foreign is only charged 20s., and while the charge for British glass from London to Cardiff is 37s. 6d., the rates for foreign are again only 20s., or a little more than half as much; while for plate glass the respective rates are as follow—

		Home.			Foreign.		
		£	s.	d.	£	s.	d.
Brussels <i>viâ</i> Antwerp to Birmingham, <i>viâ</i> Goole	(130 land miles)	...	...	...	1	2	6
Birmingham to Wolverhampton (13 miles)	...	1	2	6			
" " London (113 miles)	...	1	8	4			
" " Liverpool (94 miles)	...	1	4	2			
" " Hull (137 miles)	...	1	5	0 ²			

Mr. Edwin Clements³ has prepared the following comparative table of home and foreign timber rates—

TIMBER.		Home.			Foreign.		
		£	s.	d.	£	s.	d.
Cardiff to Stourbridge (104 miles)...	...	1	1	8	0	10	10
Cardiff to Deepfield (113 miles) ...	...	0	17	6	0	8	10
Gloucester to Wednesbury (57 miles)	...	0	12	6	0	6	4
Hartlepool to Nuneaton (179 miles)	...	1	10	0	0	12	6
Newcastle to Nuneaton (202 miles)	...	1	11	1	0	14	2

In these cases the rates for home timber average over 100 per cent. more than for imported timber, though carried at the same computed or measurement weight.

¹ *Journal of Railway and Canal Traders Association*, April 1889.

² *Ibid.*

³ Report to Railway and Canal Traders Association, April 1887.

A memorial handed in to the Select Committee on Railways (1882) by Mr. H. Gurney, on behalf of the members of the Midland Counties Timber Merchants Association, representing a great part of the timber trade in the counties of Warwick, Worcester, Northampton, Stafford, Hereford, Shropshire, and many other places, complained that "most of the principal towns are reached by the ports at a trifle under or at one penny per ton per mile, while to convey English timber to the same towns varies from twopence-halfpenny to threepence per ton per mile." The following cases show the great preference given to the ports on foreign timber. It amounts to nearly 50 per cent., both classes being carried at the same weight—

			Home.			Foreign.		
			£	s.	d.	£	s.	d.
Liverpool to Hereford	...	...				0	15	0
Hereford to Liverpool	...	...	1	2	6			
Liverpool to Birmingham	...	...				0	12	6
Birmingham to Liverpool	(97½ miles)	...	0	17	6			

The rate is specially high when the home wood is carried to a Government Department—

			Home.			Foreign.		
			£	s.	d.	£	s.	d.
Hereford to Woolwich	(150 miles)	...	1	13	4			
Presteign to Woolwich	(170 miles)	...	1	16	0			
Sunderland to Stoke-on-Trent	(170 miles)					0	15	0
Cardiff to Stoke-on-Trent	(160 miles)	...				0	15	0

Again, imported timber is delivered by water free of charge within a radius of five miles. Home timber, on the other hand, is universally charged 3s. 6d. a ton for delivery. Further, home scantlings are charged at machine weight; whereas sawn deals are charged at 66 cubic feet to the ton, and foreign scantlings at 40 cubic feet to the ton, the same rates being charged in all cases.

Even foreign pianos are carried from Liverpool to London for 25s. per ton, while English are charged 70s., or nearly three times as much.

And so too with plated goods. While foreign silvered plate

from Antwerp to Birmingham *via* London is only charged £1 7s. 6d., the charge for home manufactured from Birmingham to London is £3, or more than twice as much.¹

The fishing industry is also severely handicapped by the railway rates. During an interesting correspondence upon the subject in the *Daily Chronicle*, a Yarmouth resident stated that the whole week's profit of one smack, captain and six men, amounted to £4 4s. 2d., and gave the following result of one deal, the consignment consisting of nine trunks of fish, including seventeen pairs of good soles—

			£	s.	d.
Total paid for the lot	...	...	1	14	10
Expenses deducted	...	...	1	12	8
Balance for crew	...	...	0	2	2

The expenses were made up as follow—

			£	s.	d.
Hire of boxes...	...	...	0	4	6
Commission and portorage	...	...	0	5	2
Freight by rail	...	...	1	3	0
			1	12	8

And the following somewhat lengthy extract from an able article in the *Western Morning News* sheds a flood of light—

“Fish-dealers of the west, and also fishermen, are complaining loudly of the exceedingly high, and in some instances prohibitory rates of charges for the transmission of food over the Great Western Railway system. This fact has been emphasized during the last few weeks by the unusually large catches of sprats and herrings which have been made at several of the watering-places along the coast. It is almost incredible, but it is absolutely true, that at Dawlish, Teignmouth, and Torquay, many tons of fish have either been thrown back into the sea, or disposed of for manure, because, owing to the high rates for carriage by rail, it is made unremunerative to the fish-dealers to send them to London and other large centres of population at a distance. . . . Last week,

¹ Report to Railway and Canal Traders Association, April 1887.

owing to these high railway charges, four tons of sprats were sold in the neighbourhood of Torquay to a landholder for manure, at 14s. or 15s. per ton. . . . In proof of the assertion that, according to the present rate of charges by the Railway Company, it does not pay the fish-dealers to send the sprats and herrings to the London and other markets, one day last week a Torquay dealer bought 400 bushels of sprats at 4d. per bushel, and after he had had them packed in five barrels, and dispatched by rail to London, all the balance he received, as profit from the transaction, was 1s. 3d.”¹ At the great fishing port of Wick, and along the coast of Aberdeenshire, the pressure is felt as severely as it is upon the coast of Devonshire. It costs £4 to bring a ton of fish from Wick to London, and £3 15s. 0d. from Stornoway to London, or three times what it costs to bring a ton of meat all the way from America *viâ* Liverpool to London.²

Some of the instances given in this chapter appear on first sight to be a little out of date now I come to write a second edition. They could, however, be capped by a thousand similar examples of more recent date, but as illustrations they still tell their tale and serve their purpose as effectually as more recent instances of an identical character, for the policy and practices of our Companies have not changed materially. Indeed the grievances of traders as to preferential treatment to their foreign competitors, as to excessive charges for so-called “extra” services, and in regard to the impositions under “owners’ risk rates” and siding rent charges, and other ingenious inventions of the Companies, have been considerably intensified during the past eight years. Foreign competition has become keener, and the “bitter cry of the traders” has deepened in its bitterness.

¹ January 6, 1886.

² *Journal of Railway and Canal Traders*, February 1886.

CHAPTER VII

THE BLIGHT ON AGRICULTURE

THE damaging effects of the present railway policy are clearly traceable in the continued depression under which British agriculture has languished. The first cause of this depression is undoubtedly to be found in the flagrant anomalies of our land system. But among the contributory causes high and preferential railway rates will certainly rank as the most potent. Mr. Balfour Browne, K.C., in an interesting paper which he presented to the London Chamber of Commerce on February 10, 1897, even went to the extent of declaring that—"I am not exaggerating when I say that the agricultural question, which has been attempted to be met very ineffectively by a palliative Agricultural Rates Bill, is nothing else but a question of railway rates."¹

Our Legislature wisely abolished the restrictions which gave British farmers an artificial monopoly in corn in the home market, to the hurt of the community as a whole. And any direct attempt to go back upon the policy of free trade would certainly meet with ignominious defeat.² Yet, it is scarcely too much to say that what the country would sternly resist if openly attempted, they have quietly permitted our Railway Companies to do in a more insidious way. With an important distinction, however. While the old import duties imposed by the State created a monopoly in favour of the British farmer in the home market, the modern preferential transport-tax exacted by the Railway Companies frequently gives the foreign producer a monopoly here, to the exclusion of our own farmers.

¹ London Chamber of Commerce, Pamphlet Series No. 22 (1897).

² This was written in 1897 and has since been amply verified at the recent general election.

The preferential rates have, for example, often enabled French fruit to find a ready sale upon the London market, when at the same time the high home rates compelled English growers to let theirs rot upon the ground. And a flourishing business in American grain, cheese, and meat is frequently seen in London at a time when, through the heavy railway rates, English farmers do not find it worth their while to thresh their ricks, to use their cheese presses, or to bring their cattle and sheep upon the local fair.

Nor is it to the advantage of the consumer, in whose interest the Companies often profess altruistically to act, that such railway rates are charged as to stifle the home competition. For, after all, in food the most important element of competition from the public point of view is quality, and certain it is that the nearer the English markets get to foreign monopoly, the worse becomes the quality of food. This was clearly shown in the huge system of food adulteration revealed by a Select Committee of the House of Commons three years ago. Belgian rabbits, "preserved" Flemish eggs, and Dutch margarine are not purchased by our great industrial population because they prefer them to our wild rabbits, to English eggs, and to home-made butter, but simply because they are so much cheaper. And this difference in cost is often chiefly a matter of preferential railway rates. This contention is often met by advocates of the Railway Companies with the statement that the total cost of railway carriage is so small in relation to the price of produce as not to make a material difference in its sale. But they base their comparison upon the final retail price of the article, in relation to which of course the railway rates seem relatively small. But the cost of carriage is a first charge, and has to be considered in relation to the primary price of sale between the producer and the wholesale factor, and in relation to that price it is often of sufficient importance to determine whether a sale shall be effected or not.

The foreigner is treated preferentially by the Companies in practically every kind of agricultural produce. The reports or all the Royal Commissions and Select Committees on Railway Rates, of the Commission on Trade Depression, and of the Commissions on Agricultural Depression, are full of bitter complaints from the British farmers. Before the Select

committee of 1881-2 witnesses stated that foreign hops are conveyed from Boulogne *via* Folkestone to London at 17s. 6d. per ton, while the charge from Ashford on the same line of railway—and much nearer to London—is 35s., or just twice the amount for about half the distance. Again, the beef of American cattle slaughtered at the wharf in Glasgow is carried to London for 45s. per ton, while the rate for the meat of home cattle conveyed under similar conditions is 77s. per ton. English dead meat from Liverpool to London is 50s. per ton, while American is 25s., or just half the amount.

Another case was given of hops being charged 36s. 8d. from Sittingbourne to London, as against 25s. for a similar distance by rail *plus* a sea voyage from Flushing. Again, while the charge for hops from Margate to London is £1 18s. 8d. per ton, the charge from London to Margate is only 19s. 7d. per ton.

The Secretary of the Royal Agricultural Society¹ said that the South-Eastern Railway charge for the carriage of one ton of hops from Staplehurst Station to London, a distance of forty-one miles, 37s. 2d. On the other hand, they will carry one ton from Boulogne, a distance of ninety-nine miles, into a Borough warehouse, including freight, landing and delivery, for 19s. 7d.

The London, Brighton and South Coast Railway charge 37s. 2d. per ton from Eridge to London, forty-eight miles, while they will bring hops from Dieppe, including shipping freight and rail, into a Borough warehouse for 17s. per ton.

The Chatham and Dover Company charge 34s. 2d. per ton for the carriage of hops from Sittingbourne to London, a distance of forty-five miles, while they will bring one ton from Calais, including all the extra expense and labour involved in shipping freight, landing and delivery into a Borough warehouse, a distance of ninety-eight miles, for 19s. 7d. per ton.

Mr. Sankey, an official witness for the Central Chamber of Agriculture, stated that—

“They (the rates on hops) have been raised continually from time to time. In 1852 the charge was 1s. 8d. per pocket from Pluckley Station—that is, one station nearer to London than Ashford; it is now 3s. From Sandwich, in 1871, it was 2s. 6d.;

¹ Appendix, p. 147.

and in 1876 the rate was raised to 3s. 3d. A shade over thirty per cent. in the five years."

"Was any reason alleged by the Railway Company for that rise?—It did not go up that amount all at once; it has been put up 3d. a pocket at different times until it reached 3s. 3d. In 1872 and 1873, I believe that wages went up, and also coal was very expensive.

"But you have not found that the Railway Companies have reduced their rates since there has been a reduction in the price of coal?—Certainly not, as regards hops."

This means that when hops were selling at about £6 per pocket, the railway rates were 1s. 8d., whereas when they are selling at £1 10s., or a quarter as much, the rates are 3s., or nearly double.

The same witness gave an instance where, while the rates on grain are 10s. 10d. for sixty-three miles from Minster to Snodland, they are only 5s. for seventy-three miles from Margate to Strood. He also gave this striking testimony to the effect of railway rates—

"Some of the merchants who come on the Canterbury market, which is the market where nearly all our corn is sent, say, that at certain stations they invariably refused to make an order for any corn, because the rates from those stations are so much higher than from others."¹

Mr. Rowlandson stated that the rates upon barley were—

	Foreign.		Home.	
From West Hartlepool to Mirfield	10s.	2 tons	18s. 4d.	2 tons
" " " Elland	10s. 10d.	"	18s. 4d.	" "

And before the Commission on Trade Depression,¹ Mr. Druce, one of the Agricultural Commissioners, declared that the Worcestershire farmers are prevented from selling corn in the Coventry market because of the exorbitant rates.³

Mr. J. Martin, a tenant farmer in the Isle of Ely, was asked—"Do you find that you have anything to complain of regarding the charges upon railway traffic?" He replied—"Decidedly. I ascertained from my own station that two-ton lots of grain to London are charged 11s. 2d. per ton, while

¹ Q. 7334 *et seq.*

² Appendix, p. 21.

³ Q. 9190 *et seq.*

two-ton lots from London are charged 9s. 2d., that is 2s. per ton difference. . . . Then from Lynn, which is twenty-one miles further from our place, the rate is 5s. 6d. per ton, whereas from London to our station, which is seventy-eight miles, they charge us 9s. 2d." ¹

Again, a Mincing Lane corn merchant, writing to the *Daily Chronicle*, asserted that American flour can be sent from America across the Atlantic, and 100 miles inland from Liverpool, at the same charge as for sending English flour ten miles.

Mr. J. W. Barclay, M.P., one of the members of the Rates Committee, addressing a Traders Conference in the City, said—"I may bring the result home to the minds of landlords and farmers in this country by stating that the difference in rate charged by the Railway Companies between foreign grain and home grain is equal to a tax of 5s. per acre upon the land on which the home grain is raised." ²

The same thing prevails with cattle and meat.

Mr. Rowlandson, a farmer near Darlington, told the Commission on Trade Depression that the rate from Newcastle to London for home cattle in small wagons is £5 19s. 3d., and for home sheep it is £5 8s.; for foreign cattle and sheep it is £4. From Newcastle to Manchester it is £3 7s. for home cattle, and £2 14s. for home sheep, while for foreign cattle and sheep it is £2 4s. 3d. Newcastle to Leeds, home cattle, the rate is £2 8s. 6d.; home sheep, £2 0s. 3d.; foreign cattle £1 11s., and foreign sheep £1 9s. While the rate for hay from Newcastle to Rothbury, about forty-one miles, is for home-grown 16s., and for foreign 10s. per ton, or sixty per cent. more for English than foreign. ³

And Mr. Bell, Secretary of the Newcastle Farmers' Club, giving evidence before the Select Committee, put the case of meat thus—"I think these rates act very injuriously to the agriculturist and to the producer of meat in England, because the meat is placed upon the Liverpool market, and coming from abroad competes with the English meat that is on the Liverpool market. This meat in both cases is sent to the London market, and therefore the importer has distinctly the advantage of having a reduced rate, and the buyer can therefore give the

¹ Q. 8915 *et seq.*

² February 14, 1884.

³ Q. 9248 *et seq.*

foreigner so much more per cwt. than he can give the English grower of home meat."¹

The Secretary of the Royal Agricultural Society² presented to the Select Committee these comparative tables of fruit and vegetable rates—

CHATHAM AND DOVER COMPANY.

WALNUTS, APPLES, PLUMS, PEARS, ETC.

Flushing (Holland)	to London	...	...	12s. 6d. per ton.
Queenborough (Kent)	,,	,,	...	25s. ,,

GREAT WESTERN.

Penzance	to London	Potatoes	45s. per ton.
"	"	Broccoli	40s. ,,
Cherbourg	,,	Potatoes	30s. ,,
"	,,	Broccoli	35s. ,,

"The estimated tonnage of Cornwall potatoes and broccoli annually sent to London and the North is 30,000 tons, so that about £15,000 more is charged for carriage of home produce, as against foreign, in Cornwall alone."

A deputation of market gardeners waiting on the President of the Board of Trade, in 1892, said that English apples from Folkestone were charged 24s. 1d., while the same weight from France were carried at 15s. 8d.³

Mr. Sankey pointed out to the Select Committee that while French potatoes can be sent from Boulogne (*via* Folkestone) to London for 12s. 6d. per ton, the rate for English from Folkestone is 15s. per ton.⁴

Mr. George Neve (Staplehurst) said that "the effect of this preferential rate for foreign and high rate for English fruit is, in the first place, to give the foreigner a bounty equivalent to 10s. per ton, or something like 30s. per acre over the English grower; and in the second place, by the high charge for the carriage of English fruit, to cause a great deal to be left unpicked in heavy cropping years which would be sent into the market if the charges were moderate. Such being a direct loss to the grower, the labourer who gathers it, and the consumer

¹ Q. 10,550.

² *National Railways*, p. 333.

² Appendix, p. 115.

⁴ Q. 7334 *et seq.*

who thereby loses a plentiful supply of cheap wholesome fruit." ¹

In the matter of dairy produce the story is the same.

Mr. Rigby, Secretary of the Cheshire Chamber of Agriculture, told the Committee that while American cheese is sent from Liverpool to London for 25s. per ton, English is charged from Wrexham or Beeston—twenty or thirty miles nearer—at the rate of 42s. to 45s. per ton. ²

Mr. J. Coleman, a Yorkshire farmer, was asked by the Commission on Trade Depression if he thought the railway charges pressed very hardly upon the carriage of produce, and replied—"With regard to some items very much indeed, such as manures. In some cases, I believe, they are not reduced at all; although prices have been reduced very much the carriage has not been reduced. In Cheshire there is a most extraordinary fact. When I was making my inquiry in Cheshire I ascertained that the cost of conveying cheese by the London and North-Western Railway from Chelford, or one of those stations in mid-Cheshire, to London, was greater than the cost of bringing it from New York right past the very station to London; the rate was actually less. Also, taking corn from Newcastle to Derby and other inland towns, foreign corn was conveyed at a very considerable less rate than English corn for the same quantity." ³

The Secretary of the Royal Agricultural Society ⁴ submitted to the Select Committee this comparative table for English and foreign butter—

ENGLISH.

In Crocks	March	to London	86 miles	50s. per ton or	5·58 per mile.
"	"	Lynn	"	97 "	55s. " 6·80 " "
"	"	Swaffham	"	113 "	50s. " 5·30 " "

FOREIGN.

Rotterdam	to London	186 miles	47s. 6d. per ton or	3·06 per mile.
Antwerp	"	206 "	47s. 6d. " " "	2·76 " "

The *Field* ⁵ has pointed out a series of even grosser anomalies. The rates for imported butter, cheese, bacon, lard, and wool from Southampton Dock to London, distance seventy-six miles, is 6s.

¹ Appendix, p. 157.

² Q. 7816 *et seq.*

³ Q. 9090-3.

⁴ Appendix, p. 124.

⁵ October 6, 1894.

per ton. From Botley, in the same county, and a similar distance, the rate for all these goods is 19s. 2d., or 219 per cent. more than for foreign stuff. The difference in rates between Southampton Dock station (foreign) and the Southampton Town station (home) is as follows:—Hops, 6s. and 20s.; apples, 5s. and 12s. 11d.; pressed hay, 5s. and 9s. 11d.; eggs, 6s. 8d. and 20s. Further, Prof. Hunter showed that while French fruit is charged at the rate of 2½d. per mile to London by the South-Eastern, the same Company charge Kentish farmers 5½d. per ton per mile, or more than double.

Nor do the Companies always confine their charges to the legal maxima. Professor W. Hunter, who is one of the greatest living authorities on railway rates, and who appeared as a witness for the Farmers' Alliance, was examined as follows by the Committee of 1881-2.

"Q. Will you take the first case of the London and South-Western Company, and give the Committee what in your opinion are over-charges by that Company in respect of guano and packed manure?

"A. From Petersfield to Nine Elms the charge is 12s. 6d., and the maximum rate is 9s. To Wimbledon the charge is 13s. 4d., and the maximum rate is 8s. 2d. To Woking the charge for manure and guano is 10s. per ton, and the maximum rate is 5s. 4d. To Guildford the charge is 9s. 2d., and the maximum rate 4s. 4d. To Witley the charge is 6s. 8d., and the maximum rate 3s. To Haslemere the charge is 5s. 10d., and the maximum 2s. To Liphook the charge is 5s., and the maximum is 1s. 6d.

"Q. In some cases the charges are 300 or 400 per cent. above the charges allowed by the Act?

"A. Yes. Then, taking hops from Nine Elms to Exeter the charge is 55s., and the maximum 48s. 6d. To Basingstoke the charge is 25s., and the maximum 11s. 9d. From Petersfield to Exeter the charge is 60s., and the maximum is 36s. For dead poultry and meat, the charge from London to Windsor is 19s. 2d., and the maximum 8s. 6d.

"Q. Now let us take the London and Brighton Railway. Can you give the Committee some particulars with regard to potatoes?

"A. For new potatoes the charge from London to Sutton is

6s. 8d., and the maximum is 1s. 9d. From London to Three Bridges the charge is 10s. 10d., and the maximum 3s. 8d. From Horsham to Portsmouth the charge is 16s. 3d., and the maximum is 6s. From Brighton to Portsmouth the actual charge is 15s., and the maximum is 5s. 8d. From Tunbridge Wells to Red Hill the charge is 10s. 10d., and the maximum is 3s. 6d. From West Grinstead to Hastings the charge is 17s. 6d., and the maximum is 6s. 8d. Now, taking the London, Brighton and South-Coast Railway Company's trade rates for meat, poultry, eggs, butter, and vegetables (of course I can only compare the charge with the maximum charge for goods), they have a scale; and I have taken the distance at twenty, forty, fifty, and eighty miles. At a distance of twenty miles they charge 20s. per ton. The maximum rate for eggs is 3s. 4d., and the maximum rate for other articles is 6s. 8d. Then at forty miles they charge 30s., the maximum rate for eggs being 6s. 8d., and for meat 13s. 4d. At fifty miles they charge 40s. per ton; the maximum for eggs is 8s. 4d., and for other things 16s. 8d. At eighty miles they charge 60s. per ton for eggs; the maximum is 13s. 4d., and for meat 26s. 8d.

"Q. Will you give the Committee some examples of charges upon the London, Chatham and Dover Railway?

"A. From Dover to Shepherds Well, where manure is sent in quantities of not less than four tons, the charge is 2s. 11d. per ton, and if carried in quantities of less than four tons, 3s. 4d. per ton, the legal maximum being 9d. per ton. Then from Canterbury to Faversham the charge is 2s. 11d., in quantities of not less than four tons, and 3s. 4d. in quantities of less than four tons, the maximum rate being 1s. 3d. per ton. Then from Faversham to Sittingbourne there is the same rate, 2s. 11d. per ton for four tons or over, and 3s. 4d. for under four tons, the maximum rate being 10½d. Now, as regards guano and packed manures, from Faversham to Whitstable, in quantities of less than two tons, the charge is 3s. 4d. per ton, and the maximum rate is 9d. From Sevenoaks to Blackfriars the charge for hops is 21s. 8d., and the maximum rate is 8s. 7d. From Canterbury to London the maximum rate is 20s. 7d., and the charge is 35s.

"Q. Will you be good enough to give the Committee some examples of the charges made by the South-Eastern Company?

				Indian corn.	Home grain.		
				<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
Aberdeen to Glasgow	...	...	...	8	4	10	0
Glasgow to Perth	...	...	...	7	6 ¹	9	2 ¹

Mr. John William Dennis said the rates on potatoes were—

Havre to London 10s. 10d., including local rate; Havre to Southampton 9s. 2d.; the local rate Southampton to London 6s. 11d. Deducting the 9s. 2d. from the 10s. 10d. the preference on foreign goods appears to be the difference between 1s. 8d. per ton for foreign goods and 6s. 11d. per ton for English goods.

Mr. Edwin Clements stated that the rates on cabbages by G.E.R. were—

		Sea transit.				Rail carr.	
		<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
From Rotterdam to London	...	15	0	9	3	=	5 9
From Colchester to London	...						8 4 2-tons

On potatoes—

From Rotterdam to London	...	12	6	-	10	10	=	1	8
From Colchester to London	...							8	4 2-tons

On seeds, clover—

		Approx. sea transit:					
		<i>s.</i>	<i>d.</i>		<i>s.</i>	<i>d.</i>	
From Rotterdam to London	...	20	9	-	12	6	=
From Colchester to London	...						
			</				

Mr. Thomas Waghorn stated that the rates on such traffic as butter, hothouse fruit, meat and poultry were—

Maximum perishable rate Folkestone to London	...	s.	d.
Boulogne to London 60s. — steamer rate, $\frac{1}{4}$, 20s. leaving land rate	...	55	6
which is a reduction of about 30 per. cent. on the authorised rate of 55s. 6d.	...	40	0

¹ Per ton in 4-ton lots.

CHAPTER VIII

THE PLAINT OF THE PASSENGERS

THE most significant feature of our passenger traffic is the wonderful growth of the third class. From being an utterly despised kind of freight, he has emerged into the proud position of providing the Companies with the bulk of their passenger income. Up to Mr. Gladstone's famous Cheap Trains Act of 1844, he had not even a legal status. Many Companies would not carry him at any price, others put him into dirty open goods trucks, and hauled him through the country attached to cattle trains. Packed in his bufferless box, with two wooden bars crossing each other in the middle, he was carelessly shunted about for hours, and often enjoyed the delights of remaining at a wayside station all night. Even when he finally got to his destination, sore with his buffetings and worn out with the delays, a flaring poster consoled him with the announcement that "the Company's servants are strictly ordered not to porter for wagon passengers."¹ Mr. Hole states that the South-Eastern Railway directors definitely instructed their officials to place third-class trains in sidings, where they stood for hours. The then manager (Major Walter) tried to get better treatment for them, but was told by Lord Torrington that "it was an utter subversion of the Company's revenue, and any such revolutionary experiment was sure to result in ruin."² While the Duke of Wellington, with that aristocratic prejudice which characterized his excursions into the domain of social affairs, declared that "third-class facilities are a breach of con-

¹ *Cornhill Magazine*.

² *National Railways*, p. 151.

tract, a premium to the lower orders to go uselessly wandering about the country.”¹

Now for every first-class passenger there are thirty third-class, and for every second-class twenty-one third-class. The growth has been very rapid since about 1870. In 1871, upon the London and North-Western for example, the number of passenger miles for the respective classes were as follows—

First Class.	Second Class.	Third Class.
101,155,333	160,644,800	264,013,600

While in 1888 the figures were—

First Class.	Second Class.	Third Class.
88,085,600	70,377,984	663,341,867

Showing a decrease of 12·9 per cent. in first class, and 56·2 per cent. in second class; and the enormous increase of 151·3 per cent. in third class.² From 1876 to 1885, upon the Midland, the average number of passengers carried in each first-class carriage decreased by 2251, or 54 per cent., while during the same period the number of passengers for each third-class carriage increased by 1765, or about 10 per cent.³ A similar great increase took place over the whole railway system, and has been consistently maintained, as the following table⁴ shows—

YEAR.	FIRST CLASS.	SECOND CLASS.	THIRD CLASS.	TOTAL.
1886	32,330,838	60,686,485	632,567,067	725,584,390
1889	30,074,810	62,687,927	682,420,336	775,183,073
1892	30,602,324	61,847,813	771,985,251	864,435,388
1895	29,990,006	58,567,859	841,213,044	929,770,909
1898	33,037,190	66,199,930	963,673,996	1,062,911,116
1902	34,982,377	72,612,189	1,080,624,703	1,188,219,269
1905	36,414,492	52,583,258	1,110,024,352	1,199,022,102

¹ *National Railways*, p. 151.

² *The Working and Management of an English Railway*, p. 309.

³ *Railway Problems*, J. S. Jeans, p. 502.

⁴ *Board of Trade Report for 1905*.

Looked at from the point of view of gross receipts, the growth of the third class has been quite as remarkable.

From 1866 to 1870, under the old system, the income from the third class increased on—

The Midland	...	...	...	44 per cent.
London and North-Western	...	22	„	„
Great Northern	...	...	20	„

But from 1870 to 1873, under the improved system of adding third class to more trains, the increase in the third class was on—

The Midland	...	...	...	155 per cent.
London and North-Western	...	128	„	„ 1
Great Northern	...	...	126½	„

Taking intervals of five years for the thirty-five years from 1870 to 1905, the receipts from the three classes on all the railways were as follows²—

YEAR.	FIRST CLASS.	SECOND CLASS.	THIRD CLASS.
1870	£3,330,000	£4,365,000	£6,177,000
1875	3,983,000	3,293,000	11,082,000
1880	3,250,000	3,061,000	12,750,000
1885	2,646,000	2,494,000	15,212,000
1890	2,637,000	2,278,000	18,164,000
1895	3,034,449	1,935,029	23,796,137
1900	3,433,979	2,986,510	28,215,042
1905	3,467,098	3,054,196	29,628,839

Between 1876 and 1885 the average receipts from each first-class carriage of the Midland decreased by £283 per annum, or 46 per cent., while in the same interval the receipts from each third-class carriage increased by £110, or 14 per cent. In 1885 each third-class carriage earned nearly three times as much as each first-class, and carried nine times as many passengers.³

Taking the years 1871 and 1905 for purposes of comparison,

¹ *The Million on the Rail and Railway Dividends* (1878), by G. W. Jones.

² Board of Trade Returns.

³ *Railway Problems*, p. 502.

the gross receipts of the London and North-Western Railway from passenger traffic (including season tickets) were as follows—

YEAR.	FIRST CLASS.	SECOND CLASS.	THIRD CLASS.	TOTAL.
1871	£758,665	£903,627	£990,051	£2,652,343
1905	672,198	615,006	3,525,996	4,813,200
Increase	—	—	2,625,945	2,160,857
Decrease	86,467	288,621	—	—

So that the first-class receipts decreased 12 per cent., and the second-class 34 per cent. ; while the third-class increased by 250 per cent. ; the total increase from all classes being 28 per cent. But it is in comparison between the net receipts from the different classes where the vast importance of the “democratic third” is fully seen. In the work already quoted, Sir George Findlay gives this comparative table of net receipts upon his line for 1871 and 1888, and rightly says that its significance can hardly be exaggerated¹—

YEAR.	FIRST CLASS.		SECOND CLASS.		THIRD CLASS.	
	Working Expenses per cent.	Net Profit per cent.	Working Expenses per cent.	Net Profit per cent.	Working Expenses per cent.	Net Profit per cent.
1871	55'00	47'00	51'55	48'45	36'35	63'65
1888	92'05	7'95	72'55	27'45	42'25	57'75

From this it will be seen that the net profit on first-class traffic, which in 1871 was nearly half of the gross receipts, had diminished, until in the year 1888 it represented not quite 8 per cent. of the gross receipts. The profit upon second-class traffic, which in 1871 was also nearly half the gross receipts, has now, from the same causes, dwindled to little more than a quarter, while that of the third-class has only decreased by 6 per cent.

¹ Railway Problems, p. 312.

Another calculation by the same eminent authority shows that the net earnings per passenger per mile, after payment of working expenses, for the two periods under comparison, were approximately as under—

YEAR.	FIRST CLASS.	SECOND CLASS.	THIRD CLASS.
	<i>d.</i>	<i>d.</i>	<i>d.</i>
1871	·85	·65	·57
1888	·12	·34	·52

So that, under the old state of things, the first-class traffic paid best, but the second-class paid better than the third; while under modern conditions the third-class is the most remunerative traffic, the second-class comes next, and the profit on first-class appears to be very small indeed.¹ Still more recently Sir George Findlay has stated that² “to obtain £100 from first-class passengers it cost the

London and North-Western Railway £92, but from third-class only £42.

Great Northern £94, but from third-class only £53.

London, Brighton and South Coast £76, but from third-class only £30.”

And on the same occasion he submitted an able analysis of the North-Western accounts for the year 1888, made by Mr. R. Price Williams, C.E., which showed that in that year working expenses for the

First class amounted to	97·0 per cent. of receipts.
Second ,, ,,	104·44 ,, ,,
Third ,, ,,	41·0 ,, ,,

Put in another form—

Of the 11 1-3*d.* received in that year from each of the 51,500,000 third-class passengers, 6*d.* each was net profit; of the 5*s.* received from each of the 1,915,815 first-class passengers, the profit was only 1 1-3*d.* each; while the 3,331,935 second-class passengers were carried at a loss of £15,000. Thus the third-class passenger has not only provided practically all the

¹ *The Working and Management of an English Railway*, p. 312.

² Paper before Society of Arts, Feb. 14, 1890.

profit derived from passenger traffic, but he is also compelled to make up the loss involved on account of the second-class passenger. Or, to again quote Sir George Findlay—

“The Companies, in short, have spent and are spending large sums of money in providing the most luxurious accommodation and every facility and convenience for the benefit of the superior classes, but they are doing this practically at their own expense, and it is really the humble and once despised third-class traveller who furnishes the sinews of war.”¹

Many of the Companies have found it more profitable in fact to follow the example of the Midland in abolishing the second-class carriages.

While, however, the third-class passenger has the honour of paying the piper, he has not the right of calling the tune. It is true that all Companies have seen the wisdom of providing him with many more trains than the minimum of one per day required by the Act of 1844. It is equally true that most of the Companies give him the advantage of travelling by many of the express services. And it is boasted that he can have a selection from one of several alternative routes, with trains starting and arriving at practically the same time. But this is very largely, as Professor Mavor puts it, “a delusively attractive service—delusively attractive because trains start at the same hour from each station, whereas the public convenience would demand that they should be so arranged as to give the maximum number of opportunities for travel.”² There are 58 trains per day from London to Manchester by six routes, 51 to Liverpool by five routes, and 48 to Edinburgh by two routes. The great majority of these duplicated services start from the different stations within a few minutes of each other, which is of no special advantage to the public. It would suit them much better to have half the total number of trains to Manchester, but to have them at different times by the shortest route. And a portion of the surplus might then be used for improving the services to and from other places which now suffer from a deficiency. But it would be the merest pedantry to belittle our express services to and from London

¹ p. 316.

² “Scottish Railway Strike,” *Economic Journal*, March 1891, p. 209.

and the North. They are probably on the whole the most admirable in the world in the matter of speed ; and in comfort and internal convenience they compare favourably with those of any other country. They are provided with luxurious carriages, with lavatories, and with ladies' compartments. Some have corridor-carriages and Pullman dining-saloons. The fact is, however, that the express service is to the other passenger service very much what an only son is among a family of middle-class daughters. He is the chief object of attention, and that he may shine well in the world, and shed lustre upon his family, expense is lavished upon him to the neglect of his sisters. And so with the railways. We find the advantages attending the express services are by no means universal. They are, indeed, the exception and not the rule. Speaking generally, the *Times* is constrained to declare that—

“In the matter of the comfort and convenience of the railway traveller, it is hardly too much to say that we are only just beginning to escape from the tyranny of established fact and routine. . . . The light afforded is still so scanty and so inconveniently placed that comfort in reading is altogether out of the question. On the shortcomings of the costly, cumbrous, and ludicrously inefficient method of heating railway carriages by means of hot-water tins we need hardly dwell at length. The whole system is a barbarous anachronism, of which the utmost that can be said is that it is, perhaps, a little better than nothing, and that, in the event of a collision, there is no possibility of its increasing the catastrophe by setting fire to the train. It must be obvious that in both these respects there is room for an almost indefinite amount of improvement, and no sensible man will consider that the comfort and convenience of railway travel have even begun to approach their limits until railway carriages are warmed in cold weather to a temperature conducive to health and comfort, and lighted in such a manner that a passenger of average sight can read at night without serious injury to his eyesight.”¹

The condition of things upon some of the chief southern systems, and especially in their suburban traffic, is nothing short

¹ June 9, 1892.

of a scandal. Take the South-Eastern and the London, Chatham and Dover for example. "Many of their carriages," to quote Sir Francis Peek, "are hardly fit for cattle trucks, and all are dirty and generally ill kept."¹ A similar description is equally applicable to the suburban thirds of the Great Eastern. Nor do most of them think it necessary to provide proper light; the Chatham and Dover being apparently satisfied if one light out of five survives in a journey from Kentish Town to Victoria. The District and Metropolitan District for a long time made a profit out of their neglect in this respect by giving their customers the option of putting a penny into a slot-lamp for the privilege of getting sufficient light to read, but the recent electrification of their lines have made this a matter of history.

The deficiency of accommodation is a feature from which none of the Companies running, in London, at least, are free, although some of them are much greater sinners than others. On several of the lines, as Lord Chief Justice Russell has put it—"Men, women, and children are forced into the trains in a way they would not herd sheep or bullocks."² The overcrowded carriages that come into Liverpool Street, Waterloo, London Bridge, Ludgate Hill, and other London termini are nothing short of disgraceful. It is no uncommon thing to see crammed into compartments registered for ten people as many as twenty and twenty-two passengers, especially on wet days, when their clothes give off an effluvia as dangerous as it is offensive. Even as this chapter was being originally written there appeared the report of an inquest upon a woman suffocated through travelling in an overcrowded Great Eastern train from Stratford to Bow, a distance of less than a mile.³

Bus, Tram, and Steamship Companies are heavily punished for what the Railway Companies are allowed to do with perfect impunity. And, if a third-class passenger tries to escape from the packed boxes into an empty second or first-class carriage, he is fined for "defrauding the Companies."

Many passenger stations are in a most unsatisfactory

¹ *Times*, Feb. 5, 1892.

² *National Railways*, p. 155,

³ *Daily News*, April 22, 1897.

condition. A considerable number have outgrown the needs of the traffic. Especially is this the case in London, where the County Council have passed a strong resolution demanding their overhauling and needful alterations. But strangely enough the Board of Trade have no power over the condition of a station once its original plan has been passed, and none of the Local Government Authorities have had any power as to structural conditions conferred upon them. The fearful catastrophe upon the North London Railway at Hampstead Heath Station a few years ago, when seven people lost their lives, was entirely due to the fact that the barrier was at the foot instead of the head of the long staircase. To prevent another calamity at the same place, the necessary alteration has been made there, but at scores of other stations a precisely similar accident might occur any day from the same cause. Not only are conditions of safety absent from many stations, however, but a still larger number are comfortless and inconvenient. Sir Francis Peek, in the letter to the *Times* already quoted, appeals "for help on behalf of the long-suffering residents in the south of London, who day by day are exposed not only to great discomfort, but often to physical danger, through the failure of the Railway Companies to carry out the moral, if not legal obligation of supplying proper station accommodation, as well as a sufficiency of decent carriages and reasonable facilities for the convenience of the districts over which Parliament has granted them a monopoly. The three chief offenders are undoubtedly the London, Chatham and Dover Railway, the London and South-Western Railway, and the South-Eastern Railway. On the first, the two nearest stations to my residence supply a large and populous district, and the platforms are often crowded, yet the only stations provided are wooden sheds, put up about thirty years ago for temporary purposes."¹

There are a large number of minor causes for legitimate complaint, which are as vexatious as they are absurd. The brief limit of time for which tickets are available, the refusal to permit journeys to be broken, the objection to transferring return halves of tickets, the refusal to treat bicycles and

¹ Feb. 5, 1892.

bassinettes as passengers' luggage, and the ridiculous charges made for them ; and the petty restrictions placed upon the issue of tickets for parties, and athletic clubs, and schools. All these and many others are really quite trivial, but they are all so needless, and yet so exasperating, that there is neither rhyme nor reason for their continuance under a properly organised railway system.

Then there is the exceedingly important question of punctuality, which of course affects all classes. An impression prevails in some quarters that an almost ideal punctuality is practised by our Railway Companies, with certain notable exceptions. This is very far from being the case.

Dealing with the Board of Trade returns for 1891, the *Times* declared that the punctuality "leaves much, very much, to be desired. In September, for instance, the percentage of punctuality of up trains on most lines was under 10 per cent. On the Great Northern and on the Midland it was more like 5 per cent. On the Caledonian, between Aberdeen and Edinburgh, it fell to under 1 per cent., a figure that is only beaten by the down trains of the Highland from Perth to Inverness, which show 77 per cent. punctual, as against 40 per cent. over 30 minutes late. Surely directors and managers should lay to heart the lesson of these figures. It can hardly be claimed that they are creditable to English railway management."¹

The following is a summary of the last returns made (1896) and which only covers the months of June, July, and August, 1895, and train-runs of more than 50 miles²—

¹ *Railway (Times of Trains) Return* 113, 1896.

² Dec. 20, 1892.

Name of Line and Terminus.	Total No. of Trains.			Percentage unpunctual by more than 5 minutes.		
	June.	July.	August.	June.	July.	Aug.
Great Western (Paddington)	1,085	1,196	1,196	72	71	72
London and South-Western (Waterloo) ...	1,133	1,294	1,293	54	49	59
London, Brighton and South Coast (Victoria) ...	1,034	1,193	1,171	57	69	82
(London Bridge) ...	1,271	1,440	1,427	42	50	66
London, Chatham and Dover (Victoria) ...	697	795	771	41	61	57
(Holborn) ...	673	766	736	53	77	62
(St. Paul's) ...	28	32	30	39	53	67
South-Eastern (London Brdg.)	854	1,078	1,038	35	44	57
(Cannon Street) ...	883	1,109	1,068	36	45	59
(Charing Cross) ...	902	1,132	1,090	54	59	72

But the chief count in the third-class passenger's indictment against the present system is the exceedingly high fares that are charged. Fares are as rigidly fixed by combination between the Companies as the rates for goods. Lord Randolph Churchill, as a member of the Select Committee of 1881-2, asked Mr. Grierson if there was precisely the same combination for fixing fares as for fixing rates? "Yes," replied the Great Western Manager, "the fares between all competitive places are agreed."¹ The Parliamentary maximum of a penny per mile for the shortest route is made the Companies' minimum, as the following typical cases taken from the *A B C Guide* will show—

FROM LONDON TO—

	Miles.	Single Third-class Fare.	
		s.	d.
SWANSEA.			
Per Great Western	203 $\frac{3}{4}$	...	17 2
„ London and North-Western	278		
HEREFORD.			
„ Great Western	144 $\frac{1}{2}$	...	12 0
„ London and North-Western	213 $\frac{1}{2}$		

¹ Q. 12,861-2.

RAILWAY NATIONALIZATION

FROM LONDON TO—

		Miles.	Single Third-class Fare.	
			s.	d.
DOWLAIS.				
Per Great Western	... ..	177	...	14 11
„ London and North-Western	... ..	254 $\frac{3}{4}$		
DUDLEY.				
„ London and North-Western	... ..	121 $\frac{1}{2}$	...	10 1
„ Great Western	... ..	138 $\frac{1}{4}$		
LIVERPOOL.				
„ London and North-Western	... ..	201	...	16 6
„ Midland	... ..	...		
„ Great Northern	... ..	...		
„ Great Western	... ..	229		
MANCHESTER.				
„ London and North-Western	... ..	183 $\frac{3}{4}$	...	15 5 $\frac{1}{2}$
„ Midland	... ..	185		
„ Great Northern	... ..	203 $\frac{1}{2}$		
„ Great Western	... ..	...		
NEWCASTLE.				
„ Great Northern	... ..	272	...	22 7 $\frac{1}{2}$
„ Midland	... ..	297 $\frac{1}{2}$		
GLASGOW.				
„ London and North-Western	... ..	401 $\frac{1}{2}$	...	33 0
„ Midland	... ..	...		
„ Great Northern	... ..	444		
HASTINGS.				
„ South-Eastern	... ..	62	...	5 0 $\frac{1}{2}$
„ London, Brighton and South Coast	... ..	76		
RAMSGATE.				
„ London, Chatham and Dover	... ..	79	...	6 7
„ South-Eastern	... ..	86		

Mr. Grierson assured the Committee that no Company carries at a loss, and admitted that while the Company with the longest route would probably make a profit of 10 to 20 per cent., that with the shortest would make 30 or 40 per cent., because of having a much less train mileage to run.¹ As a true disciple of the renowned Dr. Pangloss, Mr. Acworth endeavours to show that the high fares in England are all for the best in this best of all possible worlds. To be strictly accurate, what he tries to show is that passenger fares in the different countries

¹ Q. 12,870-8.

vary according to the relative ability of the average wage-earner to pay them.¹ This is plausible enough as a theory, but it is not borne out by the facts, for the fares ought to vary with the wages of the workers in the respective countries. This they do not do, as the following tables show.

Country.	Weekly wages according to Mulhall.
England	31s. 0d.
France	21s. 0d.
Holland	20s. 0d.
Switzerland	20s. 0d.
Belgium	20s. 0d.
Germany	16s. 0d.
Hungary	16s. 0d.
Austria	16s. 0d.
Sweden	15s. 9d.
Italy	15s. 0d.
Russia	15s. 0d.

But this is the order in which the third-class fares (or fourth-class where they exist) come out according to the *Archiv für Eisenbahnwesen*—

Country.	Pfennigs per kilometre.
France	5'42
England	5'5
Holland	4'25
Switzerland	4'16
Italy	4'07
Sweden	3'92
Hungary	3'24
Belgium	3'0
Russia	2'81
Germany	2'0 to 4'67
Austria	2'0

But the suggestion that the railways should be allowed to charge what they think we can afford to give is as dangerous as it is absurd, and its fallacy was effectively exposed by Mr. Gladstone in 1844, when he declared that—"It is no sound reason that because this country is rich it should pay Railway Companies more than necessary, or that cheap travelling should not be provided for the public. But there is no likelihood that the great experiment of the greatest possible cheapness to the public will be tried under the present system."²

¹ *Nineteenth Century*, September 1891.

² *Hansard*, June 1844.

CHAPTER IX

WORKMEN'S TRAINS AND CROWDED CITIES

It might have been supposed that three classes of carriages were sufficient, even for the most insistent sticklers for the artificial barriers of class distinction, without adding a fourth in the shape of workmen's trains. But the reason for the addition is not far to seek. The demand for cheap transit for the toilers to and from their daily duties was found irresistible. How was it to be met without jeopardizing the Parliamentary maximum of a penny per mile for the third-class passenger? That was what the Companies set themselves to solve. If the new cheap tickets were made available for the ordinary third-class train, it was clear that they could not logically resist their universal issue. So, as a compromise, the expedient was resorted to of creating the Workmen's Train. Of course the workmen's train is a constituent part of the general passenger problem, but as, under present circumstances, it is peculiarly associated with the city health and housing problem, it will be more convenient to deal with it in a separate chapter. And while it seriously affects every district with an industrial population, it is in London where its deficiencies are most vitally felt. It will, therefore, be best for us to discuss the question chiefly in the light of the metropolitan needs and experiences.

No feature of our modern civilization is more terrible in its results than the constant growth of our towns. Forcibly detached from the soil by the automatic operation of our bad land system, and by other economic causes, of which, as we have already seen, the action of the Railway Companies in

conceding preferential rates for foreign to the exclusion of home produce is among the chief, there is a ceaseless flow of our rural population to the great industrial centres. Here they herd and crowd together under most injurious and unhealthy conditions, until their vitality is sapped, and if they themselves do not bear visible traces of physical degeneration their children do, in stunted growth, blanched faces, and shorter leases of life. This process is fearfully accelerated in the subsequent generations up to the fourth, when, unless replenished with fresh infusions from the country, the physical capacity to bear children practically ceases. Astounding as this may seem, it is unfortunately true that a Londoner of the fifth generation is as rare as a swallow in the City. Says Professor Alfred Marshall—"The large towns, and especially London, absorb the very best blood from all the rest of England; the most enterprising, the most highly gifted, those with the highest *physique*, and the strongest characters go there to find scope for their abilities. But by the time their children, and children's children have grown up without healthy play and without fresh air, there is little trace left of their original vigour. This is seen even in trades that require but little muscular strength; only a very small proportion of those artisans, to whom London owes its pre-eminence as a centre of highly-skilled work, come from parents who were born there; and there are scarcely any whose grandparents were born there."¹

Overcrowding is one of the chief factors in bringing about this most calamitous degeneration. Long ago Dr. Farr and others pointed out that there is "a constant increase of mortality running parallel with the increase of density of population."² And this has been most conclusively shown by the Health and Housing Committee of the London County Council. In a report emphasizing the grave need for cheap trains,³ they declared that the mean death-rate in different groups of districts in the metropolis, during the seven years ending 1891, is as follows—

¹ *Principles of Economics*, p. 257.

² *Vital Statistics*, p. 173.

³ November 21, 1893.

But, as the Health Committee of the London County Council declare—"There is no known method by which population can be crowded as in London without danger to health and loss of life. Additional air space is impossible within the business limits of London; room must be sought outside, and improved means of locomotion provided. *Railways must, for the most part, be relied upon for conveying passengers a sufficient distance.*"¹

The Royal Commission upon the Housing of the Working Classes came to precisely the same conclusion. The Majority Report, signed by H.R.H. the Prince of Wales, the Marquis of Salisbury, Lord Brownlow, Lord Carrington, Mr. G. J. Goschen, Sir Charles Dilke (the chairman), and others, declared that—"If the railways are to be utilized for the benefit of the poorer wage-earning classes, two conditions must be satisfied—First, the fares must not exceed the difference between the rent of their homes in the over-crowded districts which ought to be relieved, and the lower rents in the suburbs; secondly, the Companies *must provide* carriages at these reduced fares which will bring the people to and from their work at *convenient* hours."² And in dealing with the contention of several Companies that the requirements of the Act of 1883 were somewhat inconvenient, this same Majority Report declares that—"The State has interfered in this matter (of workmen's trains) in the public interest rather with reference to *what the working classes can afford than to what will pay the Companies*. The State assumes and exercises the right to control the price of conveyance, on account of the monopoly which the Companies are presumed to exercise in the conveyance of traffic."³ It is important to bear in mind that the upgrowth of suburbs is now primarily dependent upon railway facilities. As the late Sir B. Maple said, builders and capitalists will not put up houses for the working classes in the outer suburbs until a maximum low fare supersedes the penny a mile, and it is impossible for those employed in the metropolis to reside in the outer suburbs until houses are built for them to inhabit.⁴

But the health and general well-being demand not merely that

¹ *Report*, November 21, 1893.

² *First Report, Housing of the Working Classes*, 1885, c. 4402, p. 49.

Ibid. p. 50.

⁴ *London*, May 2, 1895.

the workers should be taken out of the "stifling alley, noisome den," and planted in districts free from the evil of overcrowding. They also require them to be freely distributed among other classes of the community, and in houses built upon land that possesses the first elements of sanitary fitness. Neither of these conditions are fulfilled by the present system. There was no human necessity why Greater London, in its outward growth, should not have spread its roots and branches almost entirely over high and healthy ground. But under our go-as-you-please railway policy, the growth of districts has not been determined by health considerations at all, but by railway facilities. Thus the Great Eastern Railway Company had running powers through the Essex Marshes, north of the Thames, and along the Lea Valley. Suddenly it utilized them by giving special facilities in workmen's trains. Thereupon Tottenham and West Ham spring up from small places into huge centres of industrial population, with vast estates of jerry-built boxes, having bogs for foundations, ditches for pathways, and stagnant pools for gardens. They are a veritable Garden of Eden—as Martin Chuzzlewit and Mark Tapley really found it! Partially lying below the river level (part of Tottenham is below the level of the Lea), it is painfully instructive to contrast their death-rates with other districts lying on higher ground in the outskirts of the London County, and in the ring of

GREATER LONDON.

				Death-rate per 1000.
Tottenham	...	...	...	18'0
West Ham	...	...	...	16'5
Stoke Newington...	...	...	...	13'5
Wandsworth	...	...	...	13'5
Hampstead	...	...	...	10'2
Croydon	...	...	...	11'8

But the evil of town growth upon marshy ground only represents a small part of the gross evils which arise from a single Company giving very special facilities for workmen's trains. Facilities in only one direction mean that there will be an undue congregation of workmen's houses there. This

means two things. First, it means that the cost of public education, poor law administration, and local government is much heavier, because the proportion of children requiring Board schools will be greater, the number of paupers will be larger, and the cost of local government in consequence of the jerry-builder and "field-ranger" will be more for an equal standard of public sanitation, than in either a mixed or well-to-do district. And, on the other hand, the rateable value of workmen's property will be much less. We can clearly see this effect by a comparison of rates with the same districts as before—

					<i>s.</i>	<i>d.</i>
Tottenham	...	...	...	...	9	8
West Ham	...	...	...	...	10	4
Wandsworth	...	...	...	...	7	4
Stoke Newington	...	...	...	...	6	8
Hampstead	...	...	...	...	6	10
Croydon	...	...	...	...	7	4

Such inequalities of rateable burdens might, of course, be very largely remedied by a generous extension of the Equalization Act. But the social evils must be met by a freer distribution of the classes, and this can only be done by cheap railway facilities being compulsory upon every line. As the Health and Housing Committee declared—"If the Great Eastern Railway Company had not been induced to start their cheap service, the exodus of workmen to Enfield and other places on the Great Eastern line would not have taken place; and if the Great Western Railway Company had but placed workmen's trains on its system twenty years ago, that Company, like the Great Eastern, would now have been carrying thousands of workmen daily to and from their work."¹

By the Workmen's Train Act of 1883, the passenger duty upon the Parliamentary fare of a penny per mile was abolished on condition that the Companies ran a convenient number of workmen's trains between six and eight in the morning. This condition has been ignored by practically all the Companies so far as the time-limit is concerned, although the Great

¹ May 8, 1894.

Eastern run an excellent service up to a little after seven. The Housing Commission were very emphatic in their report upon this breach of agreement. "The Act of Parliament of 1883 mentioned *eight o'clock* in the morning as the limit of time for workmen's trains, but at present most of them are run before seven o'clock, and it is said that if the Companies were compelled to run them till eight, it would tell very hardly upon them in interfering with the clerks' traffic, which begins just then. It is therefore contended, for this reason and for others which were given in evidence, that the powers under the Act of 1883 must be exercised with great discretion. Your Majesty's Commissioners are, however, of opinion that under it a bargain was struck between the nation and the Railway Companies, the consideration for the remission of a part of the passenger duty being the provision of a certain number of workmen's trains."¹

The criticisms of the existing service may be grouped under three heads :—

1. The service is inadequate.
2. The restrictions are vexatious and unnecessary.
3. The fares are too high.

1.—*The extreme distance and number of stations to and from which workmen's trains are run varies a good deal with the different lines.* The most distant stations are—

To the North—Enfield Town ...	...	10 $\frac{3}{4}$ miles
„ South—South Croydon...	...	11 $\frac{1}{2}$ „
„ East—Dartford ...	...	17 „
„ West—Weybridge ...	...	19 „

Taking the thirteen separate Companies we find that the number of stations and greatest distance served by workmen's trains come out as follows²—

¹ See *First Report*, p. 50.

² *London County Council Report*, April 1892.

Railway Company.	No. of Stations.			Most Distant.		Miles.
	Extra-Metropolitan.	Intra-Metropolitan.	Total.			
London and South-Western ...	29	7	36	Weybridge ...	19	19
South-Eastern ...	4	13	17	Dartford ...	17	17
London, Chatham and Dover	—	20	20	Penge ...	7½	7½
London, Brighton and South Coast ...	5	32	37	South Croydon ...	11½	11½
London, Tilbury and Southend	4	3	7	Barking ...	8	8
Great Northern ...	20	2	22	Hadley Wood ...	10¾	10¾
Great Eastern ...	12	24	36	Enfield Town ...	10¾	10¾
Metropolitan District ...	15	44	59	Hounslow Barracks	16¾	16¾
Midland ...	5	8	13	South Tottenham...	8	8
North London ...	—	16	16	Poplar ...	6½	6½
London and North-Western ...	4	1	5	Sudbury ...	8	8
Great Western ...	—	19	19	Hammersmith ...	8½	8½
Metropolitan ...	4	43	47	Kingsbury Nessdon	9½	9½

From this it will be seen that the Companies who show up most unfavourably are the London and North-Western, London, Tilbury and Southend, North London, Great Western, South-Eastern, Midland, and London, Chatham and Dover.

A great disparity is also shown in the number of workmen's trains run by the different Companies :¹—

Company.	No. Up-trains.	No. Down-trains.
London and South-Western ...	13	14
South-Eastern ...	4	1
London, Chatham and Dover ...	13	2
London, Brighton and South Coast ...	14	7
London, Tilbury and Southend ...	7	—
Great Northern ...	17	11
Great Eastern ...	50	13
Metropolitan District ...	14	13
Midland ...	1	—
North London ...	21	—
London and North-Western ...	4	1
Great Western ...	6	3
Metropolitan ...	17	14

¹ *London County Council Report, 1892.*

Which shows that the service is conspicuously meagre upon the Midland, South-Eastern, London and North-Western, Great Western, and London, Tilbury and Southend.

With regard to the Great Western, the London County Council report¹—"There are no workmen's trains on their main line. A special inquiry has been made as to the need for such trains, and for that purpose the following places have been visited—Acton, $4\frac{1}{4}$ miles from Paddington; Ealing, $5\frac{3}{4}$ miles; Castlehill, 7 miles; Hanwell, $7\frac{1}{2}$ miles; and Southall, $8\frac{1}{4}$ miles. At all the above places the need for early trains, not only for working men, but for all classes of early business people, is urgent, and the demand, accordingly, a very pressing one. There are no trains at all, at specially reduced rates, for working men, and for the general public there is practically but one early train reaching Paddington before 8 a.m.—the 7.17 a.m. from Southall. There is much local dissatisfaction at this utterly inadequate service, which is regarded by residents in the district as having acted for years past as a powerful check to its development, as compared with other parts of suburban London. . . . Dissatisfaction is frequently and publicly expressed . . . and the local authorities, it is stated, have on several occasions taken it up and urged upon the Company the urgent need for a better service, but apparently without the slightest effect. . . . A police-constable at Ealing states that he has to call workmen as early as 3.30 a.m. to enable them to walk to Shepherd's Bush, a distance of about four miles, the nearest station at which they can get a workman's train to take them to London. This also occurs at Acton and Hanwell, in the latter case the distance the men have to walk to Shepherd's Bush being stated to be about six miles."

Of the London and North-Western they say—"The service is a poor and complicated one, and in one respect appears to have retrograded rather than advanced since the publication of the last Board of Trade report."

London, Tilbury and Southend—"An inadequate and unsatisfactory service for a district so largely occupied by the poorest of the working classes."

Midland—"An utterly inadequate provision for such a great line as this."

¹ *London County Council Report, 1892.*

But even upon such a line as the Great Eastern, which has done so much with the workmen's train, the service is not run nearly late enough. The Act of 1883 stipulated eight o'clock, but, as we have said, none of the Companies comply with it in this respect. The result is the greatest inconvenience. Much of the work in London does not start until eight o'clock. Especially is this the case in the City, in the printing, tailoring, and lighter trades. And if the workers in these trades desire to secure the advantage of the workmen's ticket they are compelled to come up needlessly early, and wait about for some time. Where the factories and workshops do not open before 8.30 or nine, the waiting about is really a serious matter, particularly with the hundreds of girls who come up from such places as Tottenham, Edmonton, West Ham, Walthamstow, Woolwich, Wandsworth, etc. But the Companies have persistently refused to make any material alteration. For example, two years ago the Board of Trade endeavoured to get an extension of cheap workmen's trains up to eight o'clock in the morning for the convenience of poorly-paid women workers. Here is the unanimous way in which the Companies refused to do anything—

METROPOLITAN.

"We are not prepared to extend the time of issue to a later hour, as our experience is, that the concession (*sic*) is grossly abused."

GREAT EASTERN.

"Directors are of opinion that the workmen's train and fare arrangements on this railway are at the present time sufficient to meet all the reasonable requirements of workmen and workwomen, and they regret their inability to add to them."

LONDON, TILBURY AND SOUTHBURY.

"Board cannot admit the alleged necessity for the provision of later cheap trains for workwomen on this Company's line."

GREAT NORTHERN.

"It is somewhat remarkable that, although we run a large number of workmen's trains, no such representation as that

received by the Board of Trade has ever been made to this Company."

LONDON AND SOUTH-WESTERN.

"Do not find that any workwomen travelling by our workmen's trains make it a practice to remain at this station until the opening of their places of employment."

NORTH LONDON.

"It has been, for some years past, the practice of this Company to treat workmen and workwomen on the same footing as regards tickets, which are issued by all trains up to 8 a.m."

METROPOLITAN DISTRICT.

"Beg to say on behalf of this Company that there is no real demand on this railway for the extension of the accommodation alluded to."

LONDON AND BRIGHTON.

"We do not find, from particulars I have had taken, that workwomen travelling by our workmen's trains have to wait until such time as they can be admitted into their business establishments."

MIDLAND.

"Does not appear to be any sufficient demand for cheap tickets for workwomen by later trains than those mentioned."

LONDON AND NORTH-WESTERN.

"Accommodation is more than sufficient for the extremely limited traffic of this description which passes over the London and North-Western Railway."

LONDON, CHATHAM AND DOVER.

"Are of opinion that ample accommodation for workwomen

travelling by this line is given by the considerable number of cheap trains now run over our system."¹

Again, as the result of the recent dispute in the London building trades, the time of starting work in the morning has been thrown later in winter. So, to meet the convenience of its 40,000-odd members, the Building Trades Federation approached the Railway Companies to get the time of workmen's trains extended to eight o'clock. I have been kindly permitted to see the replies, and, without exception, they absolutely decline to do anything.

2.—*There are many harassing and unnecessary conditions attaching to the issue of workmen's tickets.* The chief of these is the time-limit during which workmen may return. Except upon the Great Northern and the Brighton and South Coast lines, no workmen can return with his ticket before twelve. And even then they are frequently restricted to certain slow trains. In some cases they are compelled to give their name, address, trade and employer, as evidence that they are *bonâ fide* workmen. Several Companies insist upon workmen taking tickets to a station beyond the one required; while two others prohibit the use of workmen's tickets at intermediate stations. Others again limit the amount of luggage a workman may take to a few pounds. And in all cases the amount of compensation recoverable for the death or total disablement of a workman's ticket-holder is limited to £100, although in the case of other passengers the amount is left to the discretion of juries.

3.—*The fares are much too high.* And the most effective way of showing how high are the London workmen's train-fares will be to show them in comparison with those in operation in the chief capitals of Europe. And this we are able to do from an admirable report prepared by Mr. Reid, of the London County Council.

To get at the mean London rate he gives the following table² :—

¹ *Board of Trade Report of Correspondence*, c.—7657 (1895).

² *Workmen's Trains Report*, adopted April 18, 1893.

RAILWAY NATIONALIZATION

CHEAP WORKMEN'S TICKET.

Railway Company.						Mean cost per mile, d.
London and South-Western	...	...	...	...	...	0'332
South-Eastern	...	...	...	...	...	0'350
London, Chatham and Dover	...	...	...	...	...	0'336
London, Brighton and South Coast	...	...	...	...	...	0'320
London, Tilbury and Southend	...	...	...	...	...	0'275
Great Northern	...	...	...	...	...	0'329
Great Eastern	...	...	...	...	...	0'319
Metropolitan District	...	...	...	...	...	0'322
Midland	...	...	...	...	...	0'325
North London	...	...	...	...	...	0'293
London and North-Western	...	...	...	...	...	0'295
Great Western	...	...	...	...	...	0'377
Metropolitan	...	...	...	...	...	0'284
Mean Rate for London						0'320

And this is the comparison with the capital cities of the Continent—

						Per mile, d.
Paris	...	...	...	...	...	0'172
Brussels	...	...	...	...	...	0'127
Vienna	...	...	...	...	...	0'182
Budapest	...	...	...	...	...	0'190
Berlin	...	...	...	...	...	0'189
Average						0'172
London						0'320

Put in another form, the report declares that—"For every 14s. 1d. a London workman has to spend in travelling to and from his work, his *confrère* abroad has to pay in—

						s.	d.
Berlin	...	...	...	...	...	8	4
Paris	...	...	...	...	...	7	7
Brussels	...	...	...	...	...	5	7
Vienna	...	...	...	...	...	8	0
Budapest	...	...	...	...	...	8	5
London						14	1

Or 78 per cent. more than the average of these five capitals of Europe."

After such a startling comparison, these remarks of the Housing Committee of the London County Council will not be deemed too strong—

“The relative position of London—as would be anticipated from the most cursory examination of the foreign tables—is thus an extremely unfavourable one, and fully justifies the demand for a reduction in the cost of workmen’s tickets. Making every possible allowance for whatever differences may exist between the circumstances of London and those of the Continental cities referred to, it remains inexplicable on what grounds so glaring a disparity in tariffs can any longer be even excused, much less justified.

“The onus of showing the necessity for charging a London workman, on the average, *78 per cent. (equivalent to 15·6 shillings in the pound sterling)* more than a workman on the Continent has to pay, is thus forced upon the London Railway Companies, and it is difficult to conceive on what possible plea the legitimate demand for a more equitable adjustment of these charges can be resisted.

“However the question may be viewed, the reasons which plead for this much-needed concession—whether moral, social, or economical—are irresistible; and even the narrow, selfish interest of the shareholders may be forcibly appealed to in its favour.”¹

Nor is there any real hope of securing an adequate service under the present system. The London County Council have secured a number of so-called concessions from the Companies by means of friendly negotiation on the one side, and as a condition of withdrawing opposition to new railway bills on the other. But there is no chance of securing a really proper service, even for London, in this way. The hopelessness of the task may be gathered from the following.

A conference of London vestries, dozens of workmen’s conferences and organizations, and all the united strength of the London County Council endeavoured to secure certain reasonable “concessions,” which in the case of the London County Council were formulated as follows—

1. That workmen’s tickets be made available for return by any train carrying third-class passengers.

¹ *Report*, April 18, 1893.

2. That the issue of quarterly or monthly third-class tickets be extended to all stations within the limit of the cheap train service.

3. That the conditions as to the issue of workmen's tickets, the fares, kind of tickets supplied, and trains by which available, be published not only in the book of time-tables of each Company, but be conspicuously advertised by means of posters at all stations served by workmen's trains.

4. That, except in the case of quarterly or monthly third-class tickets, all workmen's tickets to be daily ones.

5. That all third-class trains, whether on main or branch lines, arriving at the London termini up to 8 a.m., be workmen's throughout the area of the cheap train service.

6. That all third-class trains from London termini, up to 7.30 a.m., be also workmen's trains throughout the same area.

7. That when insufficient third-class accommodation is provided in a workmen's train, the holder of a workman's ticket be allowed to travel by a superior class without extra charge.

8. That the model zone system suggested in the Committee's report is one worthy of adoption, and which might fairly be made applicable to all future as well as present metropolitan railway undertakings.

And this is the result, in the official language of the London County Council—

"We have now to report upon a communication made to the Board of Trade by Sir Henry Oakley on the part of the Companies, conveying the result of their consideration. . .

We think this document must be taken as a definite declaration of the extent to which the Companies are prepared voluntarily to go, and that further arguments are not likely to advance matters. . . .

*On the main point Sir Henry Oakley maintains a non possumus attitude. His argument amounts to saying that the system of cheap fares on the metropolitan railways is not practicable, except on lines traversing throughout thickly populated districts."*¹

But while the Companies were not prepared to go further voluntarily, under the pressure of recent competition with the London and Metropolitan Electric trams, the motor

¹ *London County Council Report*, May 1894.

buses, and thanks to some slightly greater activity on the part of the Board of Trade, there has been a certain improvement on the part of the more backward Companies since the foregoing was written, but it has neither been so extensive nor of such a character as to alter fundamentally the arguments of this chapter.

CHAPTER X

CONDITIONS OF RAILWAY EMPLOYMENT

THE army of railway workers have little more reason to be enamoured of the present system than either the farmers, the traders, or the travelling public. For physique, for intelligence, for skill, and for character, they compare favourably with any other industrial class, and more than favourably with most. But their general conditions of employment are below the average of other workers. Though their occupation is the most dangerous but one in the country, their wages, instead of conforming to the economic theory of higher remuneration for extra risk, rank with those of the lowest paid. Their hours of labour have been characterized by responsible statesmen as inhumanly long. They have also been frequently denied the right to combine for the amelioration of their lot.

First as to wages. The Statistical Department of the Board of Trade published in 1889 and in 1900 reports upon the wages paid in the United Kingdom to railway workmen (*i.e.* excluding stationmasters, superintendents, managers, clerical staff, lads, etc., but including gangers and foremen). This is a summary and a comparison—

1889			
		No.	Percentage.
Received over	40s.	7,292	3·3
Received between	35s. and 40s.	5,494	2·5
„ „	30s. „ 35s.	10,540	4·8
„ „	25s. „ 30s.	30,102	13·8
„ „	20s. „ 25s.	61,658	28·3
„ „	15s. „ 20s.	96,386	44·2
„ „	10s. „ 15s.	6,785	3·1
„ „	Up to 10s.	52	0·0
Total		218,309	100·0

		1900	No.	Percentage.
Received over	40s.		9,891	3·8
Received between	35s. and 40s.		6,598	2·5
"	"	30s. " 35s.	15,045	5·7
"	"	25s. " 30s.	38,441	14·5
"	"	20s. " 25s.	76,770	29·0
"	"	15s. " 20s.	111,086	42·0
"	"	10s. " 15s.	6,595	2·5
"	"	Up to 10s.	24	·0
Total			264,450	100·0

A further analysis by Mr. Giffen shows that railway men compare most unfavourably with other industries.

Annual average for all workers as shown by summary					£
of wages census	...	...	...	...	64
Building trades	...	...	...	...	73
* Domestic servants (large householders)	...	...	...	...	68
* Merchant seamen	...	...	...	...	65
* Employés in hospitals	...	...	...	...	61
* Employés in lunatic asylums	...	...	...	...	60
* Railway men	...	...	...	...	60

* Including estimated value of food and clothing where necessary.

A great deal of evidence was given before the Labour Commission, when it was shown that many railway men were working for 70 hours a week for a wage of 14s.

As to the Companies working their men inhumanly long hours, let the facts speak for themselves. According to a Board of Trade report of 1890, the following hours were worked in March of that year by the men on the fifteen large lines:—

Class of Labour.	Number employed.	Number of instances of men being employed for more than			After being on duty 15 hrs., resumed with less than 8 hrs. rest.
		12 hours at a time.	More than 15 hours.	More than 18 hours.	
Passenger guards	3,931	417	156	12	40
Goods guards	8,692	6,146	5,523	862	498
Drivers and firemen	27,741	22,743	29,273	3,971	1,313
Signalmen	16,029	3,542	940	79	672

And these are the terms of Mr. Channing's resolution, moved in the House of Commons on January 23rd, 1891, supported by 124 to 141 members, and which resulted in the Select Committee on Hours being appointed—"That, in the opinion of this House, the excessive hours of labour imposed on railway servants by the existing arrangements of the Railway Companies of the United Kingdom constitute a grave social injustice, and are a constant source of danger both to the men themselves and to the travelling public. . . ."

Here are some cases taken haphazard by Messrs. Webb and Cox¹ from among the employés of the North British Railway Company:—

"A. B., a fireman.—Hours worked each fortnight during the last eight months: 174, 174, 156, 186, 193, 188, 193, 254, 168, 193, 190, 192, 198, 155, 167, 194. Average per day, 15½.

"B. C., an engine-driver.—Hours worked for two months prior to the strike, per fortnight: 202, 186, 204, 172. Average per day, 15 hours 55 minutes.

"C. D., in Goods Department.—On duty in week (six days) ended Saturday, 20th December, 78 hours 50 minutes. Daily average, 13 hours 8 minutes.

"D. E. (grade not stated).—Hours worked in the three fortnights preceding the strike, 198, 191, 183; at work 24 hours on December 4; shortest day, 10 hours. Daily average, 15 hours 53 minutes.

"E. F. (grade not stated).—Hours worked between 3rd November and 20th December, with three week-days and five Sundays off, total 564 hours 47 minutes. Daily average, 14 hours 7 minutes; longest day, 23 hours.

"F. F., a goods driver.—'Hours worked during the week ended 21st December, 99 only, as I was one of the very few who resolutely refused to work without getting sufficient rest'!"

Said Sir Michael Hicks-Beach, as Chairman of the Railway Servants' Hours of Labour Committee, in his report—

"The evidence given by railway servants, and by trade union representatives and others on their behalf, went generally to show that long hours were, to a large extent, systematic, and that the calculation of the hours by the week or fortnight,

¹ *The Eight-Hour Day.*

instead of by the day, leads to the regular and systematic recurrence of hours far in excess of a fair day's work."

Sir Michael then cited the following instances among others—

"On the Caledonian, weeks of 90 hours 5 minutes, 88 hours 50 minutes, and 91 hours 35 minutes, were worked by goods drivers and guards.

"On the North British a driver and fireman worked 181 hours 40 minutes in 10 days, including days of 21 hours and 25 hours.

"Another driver and fireman worked 360 hours 50 minutes in 21 days, the largest spell being 26 hours; another driver and fireman worked a five-day week of 102 hours 15 minutes, the longest spell being 33 hours 45 minutes, and the shortest 13 hours; another 156 hours 20 minutes in nine days; weeks are still producible of 92½, 96, 98, and 99 hours of drivers and goods guards.

"On the Great Western one man's average for three months was 77 hours per week. About thirty guards at Stourbridge worked weeks ranging from 70 to 90 hours 30 minutes. Specially long days were quoted on the Lancashire and Yorkshire Railway of 17 hours 15 minutes, 19½ hours, 21 hours, 22¾ hours and 20¾ hours."

Sir Michael gave dozens of other instances, of which the foregoing are average specimens. The Railway Servants' Hours Labour Act has checked the wholesale practice of excessive hours to some extent. In 1897, of 97 complaints under the Act, the results of 87 are given, showing successful only 22, partially successful 22, unsuccessful 22, no ground of complaint 7, under consideration 21. But, as the *Railway Review* says, excessive hours are still painfully prevalent.

In December 1902

6,227	men worked	15	hours
2,196	"	16	"
941	"	17	"
770	"	18	"

In March 1905

5,679	men worked	15	hours
2,117	"	16	"
892	"	17	"

Mr. Acworth goes so far as to declare that—"The further clauses of the Act, empowering the Board to take the manage-

ment of the railway out of the hands of the Company and to decide in detail how many hours an individual servant or group of servants ought to work, have been a dead letter. The Board dare not attempt to put them in force ; and in three successive reports its officials have stated their conviction that to do so would not be in the interests of the men themselves."¹ This is probably an exaggeration, but it shows how difficult it is to enforce proper conditions, in face of an organized opposition, such as the united Railway Companies can present.

Then with regard to the dangers attending railway employment at present, the annual report of the General Railway Workers Union for 1893, grimly says that "the railway service may generally be termed the 'slaughter-house' of the workers, if we take into account the percentage of accidents occurring according to the number employed."

Speaking at Battersea, Mr. John Burns, M.P., said—

"In the eighteen years from 1874 to 1893, 12,000 men have been killed and 160,000 injured on the railways of the kingdom. In seven years 1,220 out of 14,000 shunters have been killed, and 11,690 injured on all our railways, which means that eighty per cent. can look forward to being killed or severely injured in seven years."²

These statements are amply borne out by the official figures. The following are taken from the Returns published in 1906—

¹ Letter *Weekly Times and Echo*, October 11th, 1896.

² November 19th, 1893.

Year.	By Train Accidents.		By movements of Trains (other than Train accidents).		Not connected with movements of Trains or Train Accidents.		Total.	
	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.
1885	13	81	423	2,007				
1886	4	81	404	1,913				
1887	8	109	409	1,953				
1888	7	93	377	2,081				
1889	4	117	413	2,622				
1890	12	147	460	2,946				
1891	12	154	517	2,977				
1892	9	92	506	2,803				
1893	10	73	436	2,543				
1894	6	62	453	2,637				
1895	12	88	422	2,548				
1896	3	153	430	3,806	36	10,031	469	13,990
1897	9	140	483	3,964	47	10,180	539	14,284
1898	16	110	474	4,007	32	8,709	522	12,826
1899	19	196	488	4,386	48	10,809	555	15,391
1900	24	180	544	4,362	44	11,009	612	15,551
1901	8	156	483	4,058	48	10,393	539	14,607
1902	4	110	431	3,696	33	9,929	468	13,735
1903	9	146	423	3,613	38	10,431	470	14,190
1904	7	114	395	3,781	32	10,640	434	14,535
1905	6	112	381	3,661	32	10,436	419	14,209

But the real point is not the total number of accidents, but whether these accidents are preventible to any extent. And this can be seen from a comparison with one Company and another; and an historical comparison showing the number and proportion of accidents of certain kinds thirty years ago with those taking place in 1905. Let us take the last first. Unfortunately for present purposes there has been a change made by the Board of Trade in the system of compiling the statistics of the total number of accidents. But the statistics of "train" and "movement of train" accidents have been similarly compiled, so that the comparison must be made between these and not the total of all classes of accidents. Here then are the comparative figures at intervals of five years from 1874—

Year.	By Train Accidents.		By Movement of Trains, other than Train Accidents.		A Proportion of Accidents by Trains and by Movement of Trains to all Servants employed.		Total number of Servants employed.*
	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.	
1874	46	271	742	2,544	1 in 320	1 in 89	250,000
1879	8	118	444	1,836	1 ,, 619*	1 ,, 143*	280,000*
1884	23	115	523	2,204	1 ,, 634	1 ,, 149	346,426
1889	4	117	413	2,622	1 ,, 877	1 ,, 138	381,626
1894	6	62	453	2,637	1 ,, 796*	1 ,, 140*	381,626*
1899	19	196	488	4,386	1 ,, 917	1 ,, 101	465,112
1904	7	114	395	3,781	1 ,, 1156	1 ,, 119	465,112

So that while 1 in 320 was killed in 1874, 1 in 1,156 was killed in 1904, or more than three times as many thirty years ago as to-day. While the injured were twice as many in 1874 as in 1904, or 1 in 89, as compared with 1 in 119. This is conclusive proof that many accidents took place a few years ago from preventible causes which have since been removed.

The proportion of accidents among certain classes of servants is, however, much higher than the general average; but, like the general average, shows a broad and substantial tendency to reduction.

The following table shows the proportion of servants employed by the Railway Companies in the United Kingdom in certain occupations, killed and injured, in the years for which correct figures are available, in accidents in which the movement of trains and railway vehicles was concerned, excluding train accidents—

* The numbers employed are known accurately only for the years 1874, 1884, 1889, and 1895. The figures marked (*) are estimated for the respective years by the Board of Trade.

Class of Servants.	1889.		1895.		1898.		1901.		1904.	
	Proportion Killed.	Proportion Injured.	Proportion Killed.	Proportion Injured.	Proportion Killed.	Proportion Injured.	Proportion Killed.	Proportion Injured.	Proportion Killed.	Proportion Injured.
Goods Guards and Brakesmen ...	1 in 201	1 in 25	1 in 360	1 in 26	1 in 350	1 in 21	1 in 403	1 in 20	1 in 540	1 in 21
Permanent Way Men ...	1 ,, 596	1 ,, 527	1 ,, 502	1 ,, 474	1 ,, 519	1 ,, 311	1 ,, 551	1 ,, 463	1 ,, 642	1 ,, 415
Engine Drivers ...	1 ,, 843	1 ,, 66	1 ,, 1071	1 ,, 88	1 ,, 1170	1 ,, 60	1 ,, 1065	1 ,, 85	1 ,, 1002	1 ,, 79
Firemen ...	1 ,, 569	1 ,, 48	1 ,, 771	1 ,, 56	1 ,, 1212	1 ,, 41	1 ,, 1095	1 ,, 52	1 ,, 1056	1 ,, 49
Shunters ...	1 ,, 191	1 ,, 17	1 ,, 284	1 ,, 21	1 ,, 197	1 ,, 15	1 ,, 264	1 ,, 17	1 ,, 439	1 ,, 20
Porters ...	1 ,, 636	1 ,, 88	1 ,, 933	1 ,, 115	1 ,, 1017	1 ,, 96	1 ,, 1228	1 ,, 97	1 ,, 1127	1 ,, 107
Passenger Guards	1 ,, 839	1 ,, 51	1 ,, 3178	1 ,, 99	1 ,, 1706	1 ,, 64	1 ,, 1042	1 ,, 69	1 ,, 1520	1 ,, 65
Labourers ...	1 ,, 850	1 ,, 243	1 ,, 1240	1 ,, 629	1 ,, 1763	1 ,, 306	1 ,, 1615	1 ,, 351	1 ,, 1667	1 ,, 396

The next question is whether we have yet reached a maximum of preventibility? Certain it is that some Companies show a much higher proportion of accidents than others. This disparity the representatives of the railway workers declare is due to the fact that several Companies escape from the incentive to care supplied by the particular liability for each accident supplied in the Employers' Liability Act, by "contracting out" their men, while others give their workmen free scope under the Act. Do facts justify this explanation? I will take the London and North-Western Railway and the Midland Companies as the two lines employing the largest number of men. The Midland allows its men complete freedom under the law, while the London and North-Western Railway contract them out, and, as is well known, were the chief advocates of the clause which wrecked the Liability Bill in 1893. And here is the startling result, as shown in the Board of Trade figures for eight years—

London and North-Western.					Midland.			
		Killed.		Injured.		Killed.		Injured.
1888	...	52	...	547	...	36	...	85
1889	...	64	...	825	...	44	...	144
1890	...	74	...	925	...	51	...	143
1891	...	53	...	922	...	60	...	94
1892	...	67	...	762	...	52	...	124
1893	...	52	...	646	...	42	...	67
1894	...	62	...	692	...	42	...	117
1895	...	43	...	626	...	48	...	116
		467		5,945		375		890 ¹

Of course the North-Western employs the largest number of men, so we will look at the figures in the light of proportions. The average staff for the eight years of the North-Western was about 60,000, and of the Midland about 50,000. The proportion therefore comes out thus—

¹ From Board of Trade Railway Accident Returns for the several years.

					Killed and Injured.	
London and North-Western	...	...	...	...	1 in	9 for whole period.
Midland	...	...	...	...	1 in	40 „
					or	
London and North-Western	...	...	...	...	1 in	72 per year.
Midland	...	...	...	...	1 in	320 „

In other words, the “contracting out” line shows nearly five times as many accidents as the “non-contracting out.” For comparison, it is interesting to see that the next three largest lines (all non-contracting out) show for five years the following average yearly proportion of accidents to staff employed—

Great Western	...	...	...	...	...	1 in 105
North-Eastern	...	...	...	...	...	1 in 125
Great Northern	...	...	...	...	...	1 in 200

All much below the single large “contracting out” line.

Taking two small Companies doing a similar traffic, the one, London, Brighton and South Coast, “contracting out,” and the other, London, Chatham and Dover, “non-contracting out,” we find the annual proportion of accidents to staff employed—

London, Brighton and South Coast	...	...	...	1 in 200
London, Chatham and Dover	...	...	...	1 in 255

A remarkable fact, as bearing upon this point, is that the London and North-Western, which shows the highest proportion of accidents, is the Company which most flagrantly disregards the recommendations of the Board of Trade as to the adoption of preventive measures. Here is an extract from the official report of the Sub-Inspectors for 1895, upon the accidents inquired into, and the number of recommendations made and adopted—

NAME OF COMPANY.	Recommendations made by the Sub-Inspectors in cases into which inquiries had been held.																Total.
	Improvements in Lighting.		Covering in of Point-rods, Wires, etc.		Alterations in Rolling-stock.		Improved Regulations and Modes of Working.		Miscellaneous Improvements in Permanent way, Works, etc.		Provision of Shunting Poles, etc.						
	R.	A.	R.	A.	R.	A.	R.	A.	R.	A.	R.	A.	R.	A.	R.	A.	
Caledonian	10	9	9	8	2	1	15	14	7	5	2	2	45	39			
Great Eastern	1	1	1	1	-	-	1	1	1	1	-	-	4	3			
Great Northern	1	1	2	2	-	-	5	2	-	-	-	-	8	5			
Great Western	7	5	6	5	-	-	7	2	5	4	1	-	26	16			
Lancashire and Yorkshire ...	8	6	7	6	-	-	12	11	2	2	1	1	30	26			
London and North-Western	10	2	10	4	1	-	17	6	7	3	-	-	45	15			
London and South-Western	3	2	2	2	1	-	6	5	5	3	1	1	18	13			
London, Brighton & S. Coast	1	1	-	-	-	-	1	1	2	2	-	-	4	4			
Manchestr., Sheffld., Linclnsh.	2	2	-	-	1	-	2	1	1	1	-	-	6	4			
Midland	1	-	1	-	-	-	8	4	3	2	-	-	13	6			
North British	4	4	2	-	-	-	11	8	1	1	-	-	18	13			
North-Eastern	8	4	7	1	1	-	17	5	10	7	2	-	45	17			
South-Eastern	-	-	2	1	-	-	4	4	1	1	-	-	7	6			
Taff Vale	7	2	6	4	-	-	4	1	1	1	-	-	18	8			
Total																287	175

Note.—(R) means "recommended" and (A) "adopted."

From which it will be seen that only in 175 out of 287 cases did the Companies adopt the precautionary measures recommended, and the London and North-Western Railway only complied in fifteen out of forty-five cases.

The conclusion is, therefore, certainly justified that many accidents occur to-day which are preventible, and that given State-ownership, the proportion of accidents would be at least as low as on the "best" line to-day.

Unfortunately the evidence of railway workers being denied the freedom to combine is far too ample. Only a few weeks ago there was the particularly glaring case of the London and North-Western Railway deliberately picking out seventy prominent members of the Amalgamated Society of Railway Servants and discharging them on the strength of a stray paragraph in a newspaper speaking of a supposed threatened strike. Happily permanent victimization was prevented by the unanimous expression of public opinion, and the timely intervention of the Board of Trade under the Conciliation Act. The same Company were guilty of an almost similar piece of tyranny in 1889, when they discharged several old servants for their political

opinions. One Joseph Jones had been employed by the Company for thirty-three years, and another, William Urquhart, had been employed for thirty-two years, and both were discharged for no other reason than that they happened to be actively identified with the local Radical Association.

Writing to the Editor of the *Crewe Chronicle* at the time, Mr. Gladstone said—

“The case at Crewe, as it is set forth in your letter and in the *Crewe and Nantwich Chronicle*, is so scandalously bad that you must forgive me for saying I am compelled to suspend my belief until I know what any such among the local officers of the London and North-Western Railway Company as are included in the charge have to say upon it. They, paid servants of a great commercial company, which is not, I apprehend, a Primrose League, are accused of allowing their own political opinions to weigh, and to weigh penally, in the employment and promotion of workmen; which, if it be true, is neither more nor less than a shameful malversation in a public trust. . . . Their conduct is in the last degree shameful and unworthy.”¹

Again, Thomas Wright, a loyal servant of the London and North-Western Railway, was discharged from Crewe in December 1893, because he was opposed to contracting out, and on December 23, 1893, in the House of Commons, Mr. W. McLaren gave the case of another man named Reay, who was discharged by the same Company for a similar reason. Yet again, in the Minority Report of the Hours of Railway Servants' Committee presented by Mr. Channing, a number of specific cases were given of men being victimized for giving evidence, or respectfully asking for a reduction in their excessively long hours of labour. And finally, the gross case of Station-master Hood discharged from the Cambrian Railway will be well within the memory of all. The Select Committee itself declared that—“John Hood was dismissed from the service of the Railway Company mainly in consequence of charges arising out of the evidence given by him before the Select Committee upon the hours of labour of railway servants.”

The Directors, it will be recollected, were called to the Bar of the House and severely admonished by the Speaker, who said—

¹ *Crewe Chronicle*, Dec. 5, 1889.

"You have by your conduct intimidated a witness before this House. . . . It is a very grave and serious offence you have committed. The House, in its judgment, and in its mercy, I should add, has decided that I should admonish you. I do most seriously admonish you, and I warn you that any repetition of this offence—for it is an offence—will be visited by this House with its very severe rebuke and disapproval. A great principle has been infringed—the principle that evidence given before this House shall be free and unrestrained. I warn you against ever repeating an offence of this kind."¹

¹ *Daily Chronicle*, March 3, 1892.

CHAPTER XI

THE WOES OF IRELAND

THE railway system in Ireland presents so many exceptional features that do not obtain in Great Britain, as to merit special treatment in a separate chapter. (1) Not only has it all the evils of preferential rates, but in a much greater degree than here. (2) Its rates and fares are higher even than in England, which we have seen are above those of the Continent. (3) Its deficiencies in facilities and accommodation are nothing short of scandalous. (4) Its management is the most wasteful in Europe. (5) Unique among the railway systems of the United Kingdom, it has repeatedly received heavy subsidies from the Imperial Exchequer. (6) And finally, its complete acquisition by the State has been officially recommended by a Government Commission.

Let us take these points in order.

1. The Select Committee of 1881-2 reported that the witnesses from Ireland, besides complaining of the inequalities similar to those in England, and which called for the same remarks ("many of these differential charges afford substantial ground for complaint"), also made several special complaints. They alleged that the local rates were high out of all proportion, as compared with those on through traffic between stations in England and stations in Ireland, to the great injury of Irish traders.¹ Mr. Robert Dennis, in his *Industrial Ireland*, declares that the evil of preferential rates is so widely prevalent that it is difficult to particularize. For equal distances the most absurdly varying rates are charged, and "in many

¹ *Report*, p. xi.

cases the longest distance has the lowest rates." Thus coal from

			Miles.	s.	d.	
Belfast Quay to Annaghmore	...	...	35	4	6	per ton.
" " Armagh	...	...	39	3	6	"
" " Glasslough	...	...	49	5	3	"
" " Monaghan	...	...	55	4	8	"

Again, artificial manure from

Belfast to	Sligo	...	...	136	19	2	"
" "	Enniskillen	...	...	87	19	9	"

And so on all over Ireland.

But it is the "through" or "foreign," as against the "local" or "home" rate, that is "the greatest grievance of all." According to Mr. Dennis, and he is borne out by the report of the Select Committee, by the specific evidence of numerous witnesses, and by the admissions of Sir George Findlay, the Irish Railway Companies are under the thumb of the English Railway Companies, and it is the aim of the latter to get traffic for themselves by making English goods cheaper in Ireland than are the Irish goods. Consequently they compel the Irish railways to carry English goods from the Irish port of arrival into the interior at a much lower rate than they charge for goods which do not come "through." By the operation of this arrangement, the London or Birmingham or Manchester manufacturer is enabled to beat the Dublin, Belfast, or Cork manufacturer in all the markets of Ireland.¹

In reply to a circular from the Commission on Trade Depression, the Flax Supply Association, Belfast, reported that the linen trade is heavily burdened by the high rates of carriage charged by the Railway and Steamship Companies from Belfast to the English and Scotch markets. For instance, it costs about as much to deliver linens in the centre of England as in the centre of America, and, on the other hand, the carriage of linens from Belgium to London is only about one-half that charged on Irish linens from Belfast to London.²

Mr. John Fox, a large bedding manufacturer in Cork, a witness before the same Commission, said—"What seems to

¹ *Industrial Ireland*, p. 184.

² Vol. ii. p. 410.

me a great anomaly is, that we send feathers from Cork to London at 52s. 6d. per ton, dead-weight measurement, and the same goods, if they are stopped at Manchester upon the way to London, are charged 65s. per ton, and if we send the goods to Manchester first, and then afterwards change our minds, and send them forward from Manchester to London, they would cost us 135s. a ton."

Asked, "Do you attribute the fact that the foreigner is able to undersell the British manufacturer to the lowness of freight he has to pay?" he replied—"Yes, that is one of the things; in fact, that is the main thing."¹

Mr. T. A. Dickson, M.P., stated that Belfast competed with French flax manufacturers, but while the through rates from Lille to London were only 28s. 9d. per ton, those from Belfast to London were 52s. 6d., or nearly double. "These preferential rates," he added, "are a great prohibition to the trade in the coarser and heavier descriptions of goods." Again, from Stranorlar, County Donegal, to Belfast, is 86 miles, and the rates are 21s. 8d. per ton for flax, but from Ghent, in Belgium, *viâ* Goole or Hull or Leith, and Fleetwood or Glasgow, the rate is only 18s. 8d. to Belfast.²

Mr. K. Brady Williams, corn merchant, Mallow, stated before the Revision of Rates Committee, 1890, that a single ton of flour from Cork to Tralee was charged 10s. 10d.; by the wagon-load the rate was 8s. 9d.; but when flour was sent through Cork from Liverpool, the rate for the whole distance, from Liverpool to Tralee, was 10s. only, although the direct rates from Liverpool to Cork amounted to 11s. 1d., including harbour dues and transfer charge. Complaints had been made loud and deep that the foreign traffic was dealt with after this fashion. The millers had no objection in the world to equal rates being charged, but they think it excessively unfair that such a premium should be put upon the foreign article. The Irish trade could hold its own if it were treated fairly, but the preferential system adopted by the Railway Companies was tending gradually to abolish it altogether.³

Mr. J. Hole declares that—"The coal and mineral rates of the (Irish) local lines check all enterprise, and are prohibitive to

¹ Q. 9416 *et seq.*

² Q. 1357 *et seq.*

³ *Waghorn and Stevens Report* ("Digest of Evidence"), p. 69.

the industry of the country. It is cheaper to send cattle by road than by rail, cheaper to take coal from Scotland to seaport than to take it ten miles inland; *cheaper to carry goods to England and have them re-shipped to Ireland at through English rates than to pay the local rates. Goods are often shipped from the eastern seaboard for Sligo and Ballina via Glasgow.*"¹ A witness before the Committee on Irish Industry, said that the rates for the carriage of soap were so high that it is the practice to send the goods to England, and have them re-shipped to Ireland, in order to get the benefit of the through English rates.²

Speaking as Chairman of the Irish Dairy Farmers Association, Count Moore stated in Dublin, as recently as December, that—"To bring a bullock by rail from Cork to Dublin cost 17s. 9d., to send him from Dublin to Manchester cost only 9s. 8d.; it was cheaper to transport a bullock from Montreal to Bristol than from Kilkenny to Bristol. The charge upon a ton of butter from Tralee to Cork (83 miles) was £1 2s. 6d., that is £1 8s. per 100 miles, against a minimum for France of 3s. 3d. It could be sent from Fermoy to Liverpool, *via* Dublin (299 miles), for £1 13s. 4d. To haul a ton of Irish pork from Dungannon to Belfast (40 miles) cost 15s. 10d.; the carriage of a ton of American bacon from Belfast to Dungannon cost only 10s. Bricks could be landed from England in Dublin at a smaller charge than was made from Kingscourt (50 miles) from Dublin to that city. A barrel of flour could be brought from Chicago, 1000 miles by rail and 3000 miles by water, and landed at Liverpool for less money than it cost to bring it from Londonderry to Manchester. The railway charge for a ton of apples from Armagh to Belfast (30 miles) was 12s. 6d., or £2 per 100 miles; the same apples could be carried from Liverpool to Lisbon (1147 miles) for £1 1s. It only cost a little over twice as much to bring a barrel of fish from Sacramento (California) to London as it did to bring one from Galway to London. The carriage of butter from Fermoy to Cork (38 miles) was 15s. 6d. per ton, or £1 19s. per ton per 100 miles. A hundredweight of butter

¹ *National Railways*, p. 105.

² "State Purchase of Irish Railways," *Fortnightly Review*, December 1886.

was about the produce of every acre of land, and 5s. an acre, roughly speaking, was paid per acre by the farmer in poor-rate, county-cess, and income-tax, and thus his butter was taxed to that amount, while the Dane was free from that charge when he landed his butter in this country. The Armagh fruit-growers had been destroyed by railway rates, for with a charge of 12s. 6d. per ton for the thirteen-mile railway journey to Belfast it was cheaper not to grow the fruit. The flax-raising industry had been destroyed in much the same way. Belfast and the other factory towns got nearly all their flax now from the Continent and the West Indies. Why? It cost £1 1s. 8d. to bring a ton of flax by rail 86 miles from Stranorlar, in Donegal, to Belfast, while the combined railway and seaborne charges from Ghent for the same article was only 18s. 8d."¹

2. According to such able defenders of the present system as Mr. W. M. Acworth and Mr. Grierson, the high rates and fares in England as compared with the Continent are largely due to the much larger primary cost of construction here than elsewhere. If this contention were really sound, then the Irish rates and fares ought to be about on an equality with the German and Belgian, for while the English lines have cost on an average £45,000 per mile to construct, the Irish have cost only £14,000. In addition to this contention, there are two other favourite theories submitted by the apologists for the higher English rates. The first is, as urged by Mr. Acworth, that the great difference in passenger fares in the several countries is due to the operation of a fundamental economic law that the prices of commodities vary with the purchasing capacity of the community; and the next is, that the rates and fares are lower on the Continent because of the slower services. Again, therefore, they ought to be lower in Ireland than here because the purchasing capacity is very much lower, and the speed of the trains would scarcely have alarmed even the first Select Committee on Railways. But the facts in Ireland are at complete variance with these very plausible theories. Taking the Irish rates for goods first, Mr. Waring assures us² that they are often 30 per cent., and sometimes 50 per cent. higher than

¹ *Cork Constitution*, December 26, 1896.

² "State Purchase of Irish Railways," *Fortnightly Review*, December 1886.

the English rates. Thus the average English charge for merchandise is 5s. 6½d. per ton, the Scotch is 5s. 2½d., while the Irish charge is 6s. 8½d. Again, the average English charge for minerals is about 1s. 8½d., the Scotch charge is 1s. 5½d., while the Irish charge reaches the high average of 2s. 4½d. The rates are often so prohibitive that where a trade is not entirely annihilated, it is sent by road. As far back as 1865, a Royal Commission, presided over by the late Duke of Devonshire, reported that it was cheaper for Irish farmers and cattle-dealers to drive lean stock by road than to send it by rail. And no substantial alteration has been made from that day to this. A number of cases were cited by witnesses before the Select Committee on Irish Industries in 1885, and repeated before the Revision of Rates Committee in 1890. But not only is stock sent by road, there is also, as Mr. Waring assures us, a continuous road traffic in general merchandise between Irish towns which are connected by railways. Mr. J. S. Jeans declares¹ that—"There scarcely appears to be any room for doubt that the industrial development of Ireland has been greatly retarded by the want of proper railway facilities. The country is not without considerable mineral resources. It is said to contain deposits of sulphur, iron, tin, and zinc ores. Professor Sullivan, who had inquired into the prospects of these several resources, informed the Royal Commission of 1867 that the railway charge for the transport of sulphur ore from the Vale of Avoca to Kingstown—a distance of only 39½ miles—was 50 per cent. on the actual value. The same authority stated that the zinc mines of Nenagh would have sent out three times the quantity of mineral if they had only got proper freights from the railways. Many similar cases could be cited."

The amount of cartage done in Ireland along routes traversed by railway lines is almost incredible. Even for distances of twenty and thirty miles the road is found to be preferable to the rail. There are many roads in Ireland along which traffic passes in a continuous procession, notwithstanding that railways run parallel to them, and are worked to no more than perhaps a tenth of their carrying power.²

Mr. T. A. Dickson, M.P., says—"I consider that in the great

¹ *Railway Problems*, p. 395.

² *Industrial Ireland*, p. 179.

majority of cases the rates are prohibitory, especially in connection with agricultural produce and local manufactures. Turnip rates are so prohibitive from Dungannon to Belfast, that Belfast customers get them from Wigtownshire in Scotland; while Indian corn, valued at £6 10s. per ton, is carried from Donoughmore to Belfast at 6s. per ton, potatoes, valued at £2 10s., are charged 7s. 6d., and turnips, worth 13s. 4d. to 15s. per ton, are charged 5s., and hay and straw (£2 to £4 per ton) are charged £1 a ton. Nearly all the agricultural produce coming from Portadown Bay is carted to Belfast, a distance of twenty-four miles, farmers earning 10s. to £1 for two days' pay for carting. The public complain very much that since 1873 (when, through the prices of coal and iron and wages being advanced so much, rates were increased) no reduction in rates and fares has been made."¹

Before the Revision of Rates Committee, 1890, Mr. J. E. Bigger (Londonderry), a dealer, who stated his annual purchase of pigs amounted to between 30,000 and 60,000, declared that his firm had to close Clones and several other markets on account of the high rates.² Mr. Boyd, Hon. Secretary of the Ulster Provision Curers Association, stated that the Irish farmers were seriously handicapped by the rates, which were prohibitive. He also stated that a large traffic is done by carts, which at the present rates can live and thrive in opposition to the railways. For instance, there is a regular weekly traffic by the road from Magherafelt, the rate from this town to Belfast being 8s. per ton, and the distance forty-two miles. From Dungannon to Belfast, the distance being two miles shorter, the railway rate is 12s. 2d. per ton. "We therefore contend that if the carters can carry goods remuneratively, as they do, for 8s., the Railway Companies should not be allowed to charge more where they have not any opposition."³ Mr. P. J. O'Connor Glynn, representing the great firm of Guinness, gave evidence showing mileage rates for porter of 2s. 4d. and 2s. 2d. per ton on Irish railways, as compared with only 9d. and 8d. in England.⁴ Mr. T. Sherlock, Secretary of the Irish Cattle Traders Association, said that what the London and North-Western Railway

¹ *Select Committee*, 1881. Q. 6790 *et seq.*

² *Waghorn and Stevens Report*, p. 65.

³ *Ibid.* p. 64. ⁴ *Ibid.* p. 67.

proposed as a maximum for a small cattle-truck for thirty miles was £1, Irish £1 8s. 4d.; fifty miles, £1 10, Irish £2; seventy-eight miles, £2 4s., Irish £2 14s.¹ And Count Moore assured the Irish Dairy Farmers Association that from the chief cattle fair at Ballinasloe (by rail, some ninety miles west of Dublin), the drovers preferred to tramp for five days along the road, driving their herds, rather than pay the extortionate toll of £2 5s. per charge for truck demanded by the Railway Company.² While Mr. Waring, after exhaustive inquiry, goes so far as to declare that—"All efforts to revive the woollen industry have been frustrated by the high rates. The growth of flax is decreasing for the same reason. The railways have killed the milling industry. The witnesses say that you may count silent mills in Ireland by the thousand. The freight turns the scale against the home produce. A parcel which travels 500 miles in England for 6d., costs one shilling for thirty miles in Ireland."³

Then, turning to the passenger fares, we find they also are excessive. The peasantry still prefer, as a Commission told us they did in 1867,⁴ either to walk or hire a car, to go long distances, because of the greater cheapness. The railways in Ireland are free from passenger duty, and one might have thought that passengers would benefit from so substantial an exemption. Not so, however. The fares are higher than in Great Britain, where the duty is imposed to the extent of a quarter of a million a year. Thus the average fare in England is 8½d., in Scotland 10¼d., and in Ireland 1s. 3½d., or more than 80 per cent. more than in England. So little is done in the matter of pleasure traffic, and it is stated to be cheaper for Irishmen to visit England and Scotland than to go to their own holiday resorts.⁵ Thus we find that while in 1884 there were twenty-three passengers in England for every inhabitant, and fourteen in Scotland, there were only four in Ireland.

3. Mr. Waring declares that "the Irish system is poverty-stricken and inefficient, without spring, vitality, and power of

¹ *Waghorn and Stevens Report*, p. 70.

² *Cork Constitution*, December 26, 1896.

³ *Fortnightly Review*, December 1886.

⁴ *Railway Problems*, p. 396.

⁵ *Fortnightly Review*, December 1886.

self-recovery and development, and that as a result the gross insufficiency of accommodation continues." Mr. Banks, the Cork Manager of the Clyde Shipping Company, told the Committee of 1881 that there was an insufficiency of rolling-stock on all the Irish lines.¹ Mr. James Shanks, Vice-President of the Irish Conference, representing some hundreds of Chambers of Commerce, Corporations and Town Councils, giving evidence before the Committee of 1890, said that throughout the whole of Ireland there was the strongest complaint of the inadequacy of the station accommodation. For cattle, especially, nothing practically was provided; the animals lay about in the road half a day at a time, waiting for wagons, and if any terminal was charged at all it should go to the highway authorities and not to the Railway Companies.² Mr. Sherlock said that at Kells, "where there are 800 cattle on an average at the fairs, they are often kept waiting from 9 a.m. till 1 p.m. for trucks, and injure one another through deficiency of pens. Only one watering trough was provided."³ Mr. R. N. Boyd, Hon. Secretary to the Ulster Provision Curers Association, stated that although the traffic in dead pigs from the various centres in Ulster to the curing stations is very extensive, the accommodation given by the Railway Companies is of the most meagre description. "Instead of properly ventilated cars such as are used for dead meat in England, they supply coal and cattle wagons, or whatever sort they happen to have handiest. And as a sample of the services rendered, Sir Samuel Hayes of Stranorlar called on us to arrange about getting pigs from Stranorlar market to Belfast. The pigs came for a season, but the delivery was so slow (a day longer than was expected) that we had to drop the place altogether . . . I am acquainted with a curer in Ayrshire who was in the habit of getting pigs sent him from Ballina to Ardrossan. The transit occupied from Monday morning till Thursday morning. He found that he could get pigs brought from Copenhagen in nearly as short a time and for one-third less freight. He accordingly dropped his Irish supply, to the detriment of the Mayo farmer."⁴

4. The management of the Irish lines has long been notori-

¹ Q. 5063.

³ *Ibid.* p. 70.

² *Waghorn and Stevens Report*, p. 66.

⁴ *Ibid.* p. 64.

ously wasteful. In 1867 the Hon. W. Monsell, in his separate report, asserted that three intelligent business men sitting in Dublin would do the business better than the (then) 430 directors of the 56 lines (most of them with a separate Board); further, that the lines seemed to have no tendency to amalgamation. Of 35 Companies he said two were bankrupt, two at a standstill, six had paid no dividend for years on some part of their preference stock, ten had paid no dividend on their ordinary shares, seven paid a less percentage than the Funds (two of these less than 1 per cent.).

And more recently (as quoted on p. 23), Sir George Findlay has declared that he could do in four days a week, all the work done by all the Irish managers and directors, and take the remaining two for fishing on the Shannon. Mr. Banks pointed out to the 1881 Committee, that for the Cork and Passage Railway, of seven miles, there was a separate Board of ten or twelve directors, a secretary and an engineer.¹ And that Committee reported² that "the management of the Irish railways is needlessly expensive, in consequence of their being owned by a number of Companies, each having its own staff—there being in Ireland 270 directors, 37 secretaries, 20 managers, and a corresponding staff of subordinate officers, for the administration of railways having a capital of £36,000,000; whereas the Great Western Railway of England, having a capital of nearly twice that amount, is managed by a single Board of eighteen directors, a secretary, and a general manager. As to this last, your Committee are agreed that the further amalgamation of the Irish railways would tend to economy and efficiency of working, and that such amalgamation should not only be urged on the Companies concerned, and meet with every facility which Parliament can offer for effecting the requisite arrangements, but also, if necessary, be made the subject of direct Parliamentary action."

5. The ordinary railways in Ireland have received in Government subsidies about £4,000,000, while the Government subsidies to light railways also amount to a considerable sum. Mr. Arnold Grove told the Committee of 1890 that in 1847 the Government advanced £620,000 to the Great South and Western, Waterford and Killarney, and Dublin and Drogheda

¹ Q. 4875-9.

² *Report*, p. xii.

Railways, and in 1849, £500,000 to the Midland Great Western. This Company was also assisted by guarantees from the baronies in respect of Mulligan and Galway extensions. Again in 1866, £500,000 was given to Irish Railway Companies to meet pressing liabilities.¹

6. A Special Commission was appointed in 1868 to inquire into the expediency of the State acquiring the Irish railways, and reported in favour. In the course of their report they declared that—"We do not feel it to be within the spirit of the instructions which we have received, to speculate upon the degree of material prosperity which would be given to Ireland by the adoption of a great reduction of rates and charges, and a concentration of management. It is, however, useful to know that if our anticipations of the increase of traffic resulting from the reduction be realized, the public using the Irish railways would pay for such increased traffic during a period of twelve years, the sum of £12,000,000 less than they would have paid for such traffic at the existing rates; but instead of this advantage being obtained by means of any permanent sacrifice on the part of the State, a clear profit of £50,000 would be secured in the twelfth year, after payment of working charges, cost of increased accommodation, and additional rolling-stock, and interest on all capital previously advanced, and a profit of £90,000 in the thirteenth year."²

At the present time (Jan. 1907) a Royal Commission is again sitting to inquire into the whole question of railway administration in Ireland, and have power to report for or against State acquisition.

¹ *Waghorn and Stevens Report*, p. 71.

² "State Purchase of Irish Railways," *Fortnightly Review*, December 1886.

CHAPTER XII

IS PRIVATE OWNERSHIP HOPELESS?

BEFORE giving a final reply to this crucial question, it is necessary to gather up a few threads scattered through the preceding pages. We have seen that while the present system suffers from all the wastes of an elaborate competitive machinery, there is no real competition. We have seen that competition between the various firms of carriers upon the individual line was killed by the railway promoters themselves becoming practically the sole carriers; while the competition between the several lines, constructed merely to compete, has been frustrated by means of amalgamations, subsidies, "pools," and rate conferences. We have seen that even the competition of the canals has been largely stamped out by the Railway Companies adroitly acquiring certain navigations, and either allowing them to become derelict, or exacting excessive tolls. As a result of this monopoly, British agriculture and industry have been grievously burdened with extortionate rates, and seriously handicapped by the lower rates and preferential treatment extended to their foreign competitors. The third-class passenger too, though providing the sinews of war, is universally charged excessive fares, and upon certain lines is accorded poor and insufficient accommodation. And with the failure of competition to effectively protect the public, we have seen a continuously growing meed of State control exerted on their behalf. Such, roughly, is a summary of the preceding pages.

At different periods of English railway history, defenders of private ownership have submitted three alternatives by which the public might be protected from the possible effects of that

system. The first and, let it be said, the most devoutly worshipped in its time, was that competition would do for the railway service all that was claimed for it in the case of ordinary commodities where the power of production was limitless. The second, that even if the railways became one huge, or several very large monopolies, the enlightened self-interest of the management would secure the generous treatment of the public. And the third, that as a final resort the Railway Companies might be coerced into sweet reasonableness by means of State control. The almost invariable experience of three-quarters of a century has entirely shattered faith in the efficacy of competition alone as a regulator of Railway Companies. There is still, however, a lingering band of adherents to private ownership who have the temerity to profess belief in the enlightened self-interest of the railway managements to secure the proper treatment of the public. Let us, therefore, see what justification there is for hope in this direction in the future. The late Sir George Findlay may be taken as the ablest exponent of the theory, and he takes the view that hitherto farmers and traders have had nothing to complain of in their treatment by the Companies while pursuing the policy of an enlightened self-interest, and for this reason he strongly objects to the State revising rates. These are his words—

“The Companies have strenuously opposed this demand (that the State should fix rates), on the perfectly logical ground that Parliament having sanctioned the existing railways, with power to take certain tolls for their use, upon the faith of which the capital for their construction has been subscribed, had no just claim to deprive the shareholders of a portion of their profits, unless it was prepared to compensate them for their loss. It is also argued, and is easily susceptible of proof, that the Railway Companies, so far from having unfairly taxed the trade of the country, as is asserted by their assailants, have been its best friends, *and have done everything in their power to foster and encourage it; treating the public fairly and liberally, and keeping well within their powers as regards tolls.* They would indeed have been suicidal in acting otherwise, for their course is shaped by men of business, who are well aware that the prosperity of trade means the prosperity of the Railway

Companies, and that, in short, the welfare of each is dependent upon the other."¹

But the hopelessness of the self-interest theory lies deeper than this spirit of self-sufficiency. The Companies only pay an average dividend of less than four per cent., which is not deemed exorbitant as interest on private investments go. Now any reductions in rates and fares to be effective must be substantial, and it is certain that substantial reductions in rates would enormously increase the traffic. Indeed the practical certainties are, that there is a very low point down to which rates and fares can be reduced, with the effect of so increasing the traffic as to more than compensate for the reduction. But there are certain risks involved in feeling for that point with test rates. The public interest is of course to get as much traffic carried as possible at the lowest rate. On the other hand, the Companies' interest is not necessarily to carry the greatest gross tonnage, but to secure the greatest amount of net receipts. Thus, say the Companies now carry four tons at 2s. a ton and thereby make a profit of 4s. Let us then suppose they reduce the tonnage rate to 1s., and thereby double their traffic, without (by a better utilization of their rolling-stock) increasing their expenditure. They still only secure 4s. profit, and are no better off than before, although the public will have benefited enormously by the change. Ultimately, it is possible, they may even more than treble the traffic by such a reduction, but they may not do so for some time, and immediately there is the certainty of a loss. Thus, with an immediate loss certain, a doubled traffic for half-rates say, reasonably certain in a short time but problematical, and an ultimate substantial profit, through a great increase in traffic somewhat remote, it is no wonder that the railway managements adopt Mr. Acworth's advice and "let sleeping dogs lie!"² The same writer, in another place, further admits what little prospect of substantial redress the public can hope for in this direction, because "one of the few disadvantages of private as compared with State railways is that they cannot afford to try bold experiments. It ought to be added that, as

¹ *The Working and Management of an English Railway*, p. 283.

² *Nineteenth Century*, September 1891.

an historical fact, they hardly ever do.”¹ The factor of the speculating shareholder must not be ignored either in this connection. As Professor Hadley says—“There is almost always a certain opposition between the present and future interests of a railroad.”² Any substantial reduction in rates for the future development of traffic would show itself on the current statement of traffic receipts, published weekly, and the stock-market would at once feel the shock. Mr. Waring has put this aspect of the case very pithily. “Assuming that there is a rate, a very low rate, which would develop traffic immensely, and at the same time afford good profits to the Companies, they cannot find it. They cannot even search for it efficiently, because an efficient search involves risk; risk involves loss; loss lowers dividends; and sin against dividends no manager will commit.”³

And in the matter of workmen's trains we have already seen the official declaration of the London County Council that “further argument with the Companies is useless.”

Thus with competition practically dead, and with the self-interest of the Companies either not enlightened enough, or not sufficiently coincident with the interests of the public, to afford the cheapest facilities, we are left to see what hope there is in the weapons of coercion, the instruments of State control.

The two great instruments of State control are, (1) the general Parliamentary revision of the maximum rates, and (2) the power of appeal to the Railway Commissioners upon specific grievance. And fortunately we have had a sufficient experience of both in England to approximately appraise their value to the traders as a means of defence.

THE FARCE OF REVISION.

Throughout the reports of the Royal Commissions and Select Committees upon Railway Rates, for the last sixty years, there is a striking crescendo in the volume of complaint against the Railway Companies. What in 1838 was a mere whispering

¹ “Railway Mismanagement,” *Nineteenth Century*, December 1892.

² *Railroad Transportation*.

³ *State Purchase of Railways*, p. 70.

murmur of complaint, becomes in 1881-2 a loud growl of indignation. And, surprising as it may seem, this increase of protest is not merely due to the traders becoming familiarized with the value of agitation, but very largely mirrors the actual measure of grievance from time to time. In other words the position of the English farmer and trader was in respect of rates relatively worse fifteen years ago than it was fifty. It is true that, following the general economic tendency of the century, many railway rates have been reduced. This, however, has been by no means universal, for witness after witness before the Committee of 1881-2 testified to rates being actually lower thirty and forty years ago than at that time! But even admitting a general reduction, the relative position was often worse in the eighties than many years ago, because in the latter case the system of preferential foreign rates had not been developed, and English traders and farmers were able to get upon the home markets, whereas latterly they have been ousted by the foreign producer and trader, thanks largely to our "railway-rate-in-aid."

We have compared the condition obtaining in the eighties, rather than now, because in the meantime the position of the traders has been very seriously worsened.

As was stated in Chapter II., the Act of 1888 provided for a compulsory revision of all railway rates, and a new and simplified classification. And as this Act and Revision were the definite outcome of the traders' bitter complaints before the Committee of 1881-2, not unnaturally a general hope prevailed, that by their means substantial reductions would be made in the excessive rates, and that the system of undue preferences would receive its quietus once and for ever. It is true that Professor Hunter, with his unique experience, on the one side warned the traders that the revision might only become a delusion and a snare, while Mr. W. M. Acworth cynically assured them, from the other, that they stood to lose anyhow, for if their rates were reduced the Companies could withdraw an equivalent in facilities, and while some rates would be reduced others were certain to be increased. But with an abiding faith in Select Committees—worthy of a better object—the optimism of the farmers and traders was unruffled by these prophecies. So into the crucible of Revision went the dozens of millions of

railway rates. For 130 days the inquiry lasted; 85 days were occupied before the Board of Trade, and 45 more before the Joint Committee; 211 witnesses were examined, and 43,000 questions were asked and answered; 4000 objections from 1500 objectors were considered, and separate tables of figures to the number of 2,256 were put in, while exhaustive legal arguments seemed more interminable than the endless string drawn from the conjuror's side. The official minutes alone run to 3,926 pages. Surely it was inevitable that out of such a labyrinth the magnificently organized Railway Companies, with their brilliant band of skilled experts, should come triumphant! What could the scattered traders and isolated farmers do? Here and there Chambers of Commerce and of Agriculture, and special Conferences, were able to meet the Companies effectively. And splendid service was rendered by the Mansion House Association. But all their efforts combined only covered a fractional part of the whole ground. And with a Committee prepared to judge upon the merits of the case as it was presented to them, and with the Chairman benevolently anxious to "split the difference," surely the result could not be otherwise than favourable to the Companies!

Finally the result came, and what it was may be gathered from independent evidence. In an analysis of the revised rates, Mr. J. W. Gray, a recognized authority upon the subject, showed that of 2,054 class-rates between Bradford and 313 other places, the result was as follows—

					Are Increased.	Are Reduced.	Are Unchanged.
Of 176 Rates in Class B	...	...	130	...	42	...	4
" 313 " " " C	...	...	228	...	76	...	9
" 313 " " " 1	...	...	169	...	134	...	10
" 313 " " " 2	...	...	210	...	88	...	15
" 313 " " " 3	...	...	133	...	173	...	7
" 313 " " " 4	...	...	111	...	201	...	1
" 313 " " " 5	...	...	155	...	153	...	5
					1136	867	51

An equally startling analysis was worked out by the *Daily News* in an able article upon the results of the revision, in which they showed what the Companies *were* and *are* allowed to charge.

The following is their comparison, the rates, of course, covering all the hundreds of articles included in each class—

Classes	Per ton.									
	1		2		3		4		5	
	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
London to Liverpool... ..	Old Rate.									
	27	6	32	6	37	6	50	0	70	0
	New Rate.									
	31	1	39	10	46	6	55	11	66	0
Birmingham to Wolverhampton	Old Rate.									
	8	4	9	2	11	8	15	0	22	0
	New Rate.									
	8	8	10	4	12	1	14	4	17	0
Rugby	Old Rate.									
	11	3	14	2	15	10	19	2	22	6
	New Rate.									
	11	11	14	4	16	8	19	9	23	11
London	Old Rate.									
	22	6	28	4	34	2	40	0	50	0
	New Rate.									
	24	3	29	7	34	2	40	10	49	4
Bourne End to London	Old Rate.									
	11	8	14	2	16	8	21	8	27	6
	New Rate.									
	14	1	16	6	19	4	22	8	26	9
Bourne End to Birmingham ...	Old Rate.									
	20	10	25	10	32	6	37	6	42	6
	New Rate.									
	21	0	25	10	29	8	35	8	43	11
Selling to London	Old Rate.									
	7	11	9	7	12	11	18	9	25	5
	New Rate.									
	19	0	22	7	26	6	31	8	37	0

Part of this difference is accounted for by the fact that collection and delivery were not covered by the old rates.

In a summary of the results prepared by Mr. Edwin Clements and issued to the members of the Mansion House Association on Railway and Canal Traffic, it was shown that upon six of the chief railways, for every two reductions made in rates there were five increases. Nearly every trade and industry was adversely affected by the Revision, and the unprecedented outburst of anger from all parts of the country, when the new rates came into operation in January of 1893, has now become a landmark in commercial history.

All branches of agriculture, already so badly hit, were severely affected. Here are some comparative rates for grain which Mr. Hole gives ¹—

		Old Rate.				New Rate.			
		s.	d.			s.	d.		
Smethwick to	} ...	16	8	4-ton lots	...	25	2	2-ton lots	... per ton.
Canterbury									
Diss		16	8	4	„	22	3	2	„
Market Drayton		6	10	4	„	9	2	4	„
Bristol to Cardiff...		4	2	2	„	8	9	2	„
Plymouth		10	9	2	„	13	4	2	„
Smethwick to	} ...	15	10	4	„	17	0	4	„
Ipswich									
Aberdare		10	10	4	„	15	3	2	„

To some of these places no 4-ton rates appear to be quoted.

Mr. E. O. Greening, Managing Director of the Agricultural and Horticultural Association, stated that “of 200 rates received from the South-Eastern Railway Company in respect of over 70 stations on their line to which we send goods, a comparison with previous rates shows the following rates—In 38 cases there have been reductions and in 211 cases increases. The 38 reductions amount to 10s. 4d. all told. The 211 increases total up to £22 19s. 2d. The advances on the heaviest traffic—2-ton and 4-ton lots—amount to 5½ per cent. after deducting the decreases. The advances on the rates for smaller lots of goods amount to nearly 40 per cent., and there are no decreases under this head.” At a meeting of the Mansion House Association, a gentleman declared that the charges on milk had been increased by from 50 to 100 per cent., and that the increase represented a tax of £8 a year on every cow whose milk was transmitted by rail. Speaking for a deputation of agriculturalists to the Board of Trade, organized by the *Mark Lane Express*, Mr. Baylis, of the Berkshire and Hampshire Chamber of Agriculture, declared that—“In artificial manures increases had been made of 1s. to 4s. per ton (special rates), and that the increase, being chiefly on 2-ton lots, hit the small farmer; a Company had made an increase on the same article of 1s. 2d., 1s. 3d., and 1s. 5d. above the maxima; on two tons of beet 10s. was charged

¹ *National Railways*, p. 332.

instead of 3s. 3d., and onions 12s. 6d. against 6s. 1d., equal to £3 to £4 per ton."

Another member of the deputation stated that, "without the sale of straw, thousands of acres would go out of cultivation, that a difference of only 1s. per ton represented a depreciation of £10,000 in Berks and Oxon, but the advance from Newbury to London was from 13s. 4d. to 15s., and from Hungerford from 13s. 4d. to 16s. Pressed hay from 6s. 8d. to 15s. 4d., by which the whole trade had been disorganized." The market gardeners and fruit-dealers also sent a deputation to the Board of Trade complaining of the increased charges and the intensifying of the preferential system.

The traders were equally loud in their complaints. A deputation of the Mansion House Association, through their President, Sir James Whitehead, told the Board of Trade that, among other things, "leather conveyed by the Midland from Bristol to London under the old rates stood at 32s. 6d. per ton, while under the new rates it stood at 44s. 9d. Paper carried from Darwen to London formerly was charged 28s. 4d. per ton, and now it was charged 51s. 8d. per ton. From the same place to Leicester the old rate was 22s. 6d., compared with a new rate of 34s. 7d. Heavy drapery from Lancashire to the west of England had been 48s. 8d., and was now 52s. 8d. From London to Norwich iron tanks formerly cost for carriage 20s. 10d., and now cost 40s. 5d. Hitherto makers of stove grates, kitcheners, baths, and such classes of ironwork, have had breakages, which of course are considerable, returned and replaced free of carriage by Railway Companies. Now both the return and replacement are to be charged, and not even at the original rate of consignment, but at what are called 'small' rates. The old rate for small goods—that is, parcels which do not come under 'per ton' rate, are raised about 50 per cent. For the carriage of 'small'—parcels, that is, not exceeding 3 cwt. in weight—the old scale was sufficiently complicated, but the nature of the new scale may be gathered from the fact that it differentiates now nine times according to the tonnage rate between 3s. 4d. and 6s. 8d., and the new table contains 216 columns or divisions as against the 48 columns in the old.

"Sugar formerly enjoyed exceptional treatment in special rates, and as the most important article of imported food next to

corn it certainly deserves similar treatment now. Nevertheless the rates have been raised to an extent equal on the whole consumption of the country to a burden of £150,000 a year. In addition to this, the distributing trade of London will be seriously injured if the new rates are to be enforced. Further, and most important of all, the preferential rates in favour of the foreign refiners, which have been so long injurious to the English trade, are not only continued, but the discrepancy is even greater than it was before. This is particularly the case on the Southern lines, where the rates from London have been very materially increased, while through rates on foreign sugars have been left untouched." The deputation represented a trade of something like 400,000 or 500,000 tons a year.

The following resolutions were passed at a great Conference of Traders called by the Mansion House Association, at the Mansion House, on Jan. 30, 1893:—

"That this meeting of traders and agriculturists, from all parts of the United Kingdom, is of opinion that, in view of the persistent efforts made by the Railway Companies for many years past to secure additional powers of charge, the large and general increase in rates which they have recently made (in spite of their frequent denial of any intention to do so, and immediately after obtaining such powers) has shown conclusively that the fixing of actual rates ought not to be left to their irresponsible discretion.

"That, in the opinion of this meeting, the rates and charges made by a Railway Company ought to be, and were always intended by Parliament to be, reasonable; and that (looking to the necessity for immediate action for the protection of trade and agriculture) the most effectual mode of attaining reasonable rates will be the prompt passing of an Act for so extending the powers conferred upon the Board of Trade by Section 31 of the Railway and Canal Traffic Act, 1888, as to give them jurisdiction in cases of complaint or dispute to determine what an actual rate or charge shall be."

At another meeting of the same Association, a leading iron-master gave this example of revised iron rates—

Old Rate.			New Rate.			Increase		
s.	d.		s.	d.			per cent.	
4	7		7	11		72		
4	6		5	0		11		
3	10		6	6		69		

Old Rate.			New Rate.			Increase		
s.	d.		s.	d.			per cent.	
3	7		6	1		69		
3	0		5	4		77		
3	0		6	2		105		

In this case not a single reduction was made.

Resolutions rolled in from everywhere. The Swansea Chamber of Commerce resolved—That “the rates of the Great Western Railway Company have had a most disastrous effect upon the trade of Swansea. . . . Unless a remedy is devised Swansea will soon be without trade.”

Similar resolutions were adopted by a number of other Chambers of Commerce, including those of Liverpool and Glasgow. A meeting of wholesale tea merchants and grocers, presided over by Mr. T. Lough, M.P., passed a resolution to the effect that “owing to the bulk of the commodities being sold at fixed retail prices, the increased expense (in rates) will operate as a tax which cannot be borne.” While the London Chamber of Commerce, through Sir Albert Rollit, its President, declared that “there were many articles, the consumption of which had been large among the poorer classes, among these being petroleum, the carriage of which has been *doubled* in price, and the consequence was that one village in Hampshire had been put in darkness, as the increased rate of carriage could not be paid. Similar increased rates had been applied to many articles in the grocery trade. In coal and iron, agricultural and dairy produce, and fruit, there had also been a very large increase in the rates. The whole of the timber trade had been disorganized by these rates.” And even the President of the Board of Trade was constrained to say—“The present state of things cannot last; the Companies are straining the patience of the trading public. . . . The smaller traders are being most grievously oppressed.”¹ And again, “I assert that these rates, if persisted in, will be most detrimental in their effect upon the general trade of the country.”²

But the most telling comment upon the action of the Companies was this resolution of the House of Commons passed *nem. con.* on March 3, 1893. It says more than a thousand Blue Books could say on the subject—“That in the opinion of this House the revised railway rates, charges and conditions of traffic, are most prejudicial to the industries and agricultural and commercial interests of the country, and this House urges upon the Government the necessity of dealing promptly and effectively with the subject.”

¹ To deputation of 200 Members of Parliament, Feb. 16, 1893.

² Letter to the London Chamber of Commerce, Feb. 17, 1893.

Two months later it was found necessary to appoint a Select Committee to inquire into the action of the Railway Companies under the new Acts. The report of this Committee is one of the most remarkable documents to be found in railway history. For strength of language and unqualified condemnation of the Companies it has certainly not been equalled since the first Railway Act was passed in 1823. The new Acts only provided, of course, for maximum rates and charges. As finally settled they made considerable reductions in several articles of traffic, to a point in many cases even below the actual rates charged. In others they left the maximum charges at nearly the point at which the rates were then fixed by the Companies. In others they left the maximum charges, though reduced, considerably above the rates actually charged, while in others they raised the maximum charges.

The Committee begin by asking whether Parliament, in forcing reductions upon the Companies in certain directions, contemplated that they would recoup themselves by raising the rates in other cases where the "actuals" were below the new maxima? To this they give an emphatic "no," and intimate that in taking the step they had done, the Companies had broken faith. "Your Committee are of opinion that the effect of the statements of the railway managers before the Board of Trade Committee, and the Joint Committee of the House, was to lead these bodies, and the traders, to believe that the Companies could not recoup themselves for any losses resulting from a reduction of the maximum charges, by a general raising of rates which were below the maxima. If there had been any general expectation of such action, it is most probable that the Provisional Orders would not have passed into law, for they would have been strongly opposed by the traders who had the benefit of the existing rates, and who have objected to their being raised for the benefit of other traders whose rates were to be reduced." In support of their contention that Parliament had been misled by the Companies, the Committee quote extracts from the evidence of the managers. Mr. Lambert, Manager of the Great Western, said—"The same circumstances as exist to-day in the matter of competition will, no doubt, exist for years to come, and I do not see any possibility of substantially increasing our rates beyond what they are to-day. . . . I am bound to say, after careful consideration, that I do not see

how we are to recoup ourselves for these losses. We get the best rates we can at the present time. . . . We could not, without interfering with trade in a serious manner, put up those rates which were below the maxima."

Sir Henry Oakley, Manager of the Great Northern, and Secretary of the Railway Association, stated—"We do not hope that we shall get any increase of receipts by exercising any margin of power which the Committee may give us, simply because we think we should damage the trade, and if we thought now that an increase would not damage the trade, we would make an addition at this moment."

It is of course impossible to reproduce at length the Report of the Committee, but one or two extracts will indicate its general character.

"Your Committee feel it difficult to understand fully the explanations afforded by the Railway Companies, and still more difficult to justify what they do understand of them. They cannot but think that the course of the Companies was mainly actuated by their determination to recoup themselves to the fullest extent by raising the rates of articles when the maximum rates were above the actual rates. . . .

"In view, however, of the action of the Railway Companies during the present year, and of the alarms felt by traders as to the future, they are of opinion that matters cannot be left as they are now, and that some greater security should be provided against unreasonable increases of rates.

"It would appear that the Great Western Company had been able, not only to recoup itself completely for the £80,000 a year loss entailed upon it by the decision of the Joint Committee, but were making a small annual profit of £14,000. In other words, the Company had succeeded in raising the rates of one class of trades by £94,000 a year, in order to recoup itself for reductions to other traders to the amount of £80,000 a year.

"The complaints extend to the rates for nearly all classes of merchandise, and they are especially emphatic as regards rates for agricultural and dairy produce, an industry quite unable to bear any additional burthen at the present time.

"Not only do they affect the money charges, but they bear upon the changes made in the conditions of traffic, which,

so far as the Board of Trade have at present been able to examine them, are all against the interest of the trader."

And here are a few typical phrases scattered throughout the Report—

"The reply of the Companies is neither complete nor satisfactory," "the effect was to lead the traders to believe," "such a course was most unsatisfactory," "the Companies were not justified in dislocating trade and alarming so many interests, and in compelling traders," "not to be expected that the letter of the Companies would relieve the minds of traders," "loud complaints of the new rates," "almost universal dissatisfaction," "a feeling of indignation," "will refund the overcharge," "not surprised that there should be very strong feeling," "excessive and unreasonable," "a sense of insecurity lest rates may be again raised to the maximum," "traders should be protected against the imposition of unreasonable conditions of transport," and so on and so forth.¹

THE FUTILITY OF LITIGATION.

The Committee, however, gave up the prospect of another Parliamentary Revision, and urged that the Railway Commission should be given power to take the complaints of the traders in detail, and where they saw fit compel the Companies to return to the rates in operation before the wholesale increase. In the result, the idea of a re-Revision was given up, and the Act of 1894 was passed, handing on the task of finding a remedy to the Railway Commissioners. With competition and enlightened self-interest and Revision all hopeless, let us turn to the Railway Commission and see whether it is efficacious to protect the traders.

No stronger criticism has been written showing the hopelessness of the Railway Commission, or any other tribunal for protecting the traders, when faced by the superb organization of the Railway Companies, than that penned by Mr. W. M. Acworth. He says—"For every shilling cut by an expeditious tribunal off a rate, it is easy for the Railway Companies, if they

¹ *Second Report of the Select Committee on Railway Rates and Charges*, 1893, No. 462.

are agreed to act in harmony with each other, to withdraw two-shillings' worth of facilities ; and the traders may make up their minds that this is what must inevitably happen if the Railway Companies are confronted with lower rates simultaneously with a rapid rise of working expenses. Assume that your tribunal can fix a reasonable rate, what is the use of it unless it can schedule to its judgment a minute specification of the quality of service to be given in return for the rate ? . . . The railways can bring down troops of expert witnesses. How can the tribunal refuse to hear them, when every student of railway economics knows that the reasonableness of each particular rate depends not merely on its own individual circumstances, but on a comparison with all the other rates and a consideration of the Company's entire business ? *But for a farmer or shop-keeper, with the assistance, possibly, of the local attorney, to undertake to fight trained railway experts with a lifetime's experience and with every fact and figure at their fingers' end, is only to court defeat.*"¹

The fear of suffering in the way indicated by Mr. Acworth is a most potent factor in the present problem. Thus the Secretary of the Notts and Midland Merchants and Traders Association wrote to the Committee of 1881 that—"Your memorialists have received from the members of this Association many complaints with regard to the inequalities of railway rates very materially affecting their financial interests, but the members individually do not desire to appear prominently before your Committee lest they should suffer owing to any adverse views that the Railway Companies might take with regard to their complaints."²

Before the same Committee Sir Alfred Hickman gave evidence upon the monstrous case of the Chatterley Colliery Company. Thinking they were illegally overcharged by the North Staffordshire Railway Company, they took them before the Railway Commission, proved their case, and secured an order confining the railway within the legal maximum. Thereupon the Railway Company flatly declined to carry the traffic of the Chatterley Company. They were again taken before the Commission, and at once ordered to resume the traffic, subject to a penalty of £50 a day for refusal. They complied with the

¹ *The Railways and the Traders.*

² Appendix, p. 90.

letter of the order, but "under as awkward and inconvenient circumstances for the Chatterley Company as the Railway Company could possibly arrange." And Sir Alfred Hickman declares that though technically the Chatterley won everything, they could not compel the Railway Company to afford them ordinary facilities such as were necessary to carry on their business, so they were obliged to compromise the matter upon worse terms than the Commissioners had allowed. This result had deterred him from challenging the Railway Companies, because if he beat them on one point, they could beat him on the others.¹ Sir Benjamin Hingley gave similar evidence, and asserted that the Chatterley experience had caused him and many others to bear much that they thought unreasonable and unfair, lest worse befel them.² The London and North-Western Railway Company refused to carry the coal of the Neston Colliery Company because they declined to pay what they considered a gross overcharge upon the part of the Railway Company.³ Sir W. B. Forwood, in reply to a question from Mr. W. S. Caine, stated that a trader hesitated to move because he would be a marked man with the Railway Companies.⁴ And Mr. J. Nash Peake, a large pottery manufacturer at Tunstall, declared—"Not many of us like to quarrel with a Railway Company; and this very fact goes far to nullify any legislation that may be advanced for the protection of the public against the Companies."⁵ But one of the most astonishing examples of this railway retaliation was the case of Messrs. Howards, of Bedford. The Midland Railway Company increased their charges more than 100 per cent. against Messrs. J. and F. Howard for bringing a complaint against them of overcharge. The Commissioners reported—"These changes (the increasing of the rates) applied to no place but Bedford, and establishing as they did preferential rates between other places on the lines of the two Companies and Bedford, and doing this for no other purpose but to retaliate upon Messrs. Howard for claiming a terminal allowance, they were a distinct abuse of the powers entrusted to Railway Companies of regulating their charges for conveyance; an abuse indeed that was

¹ Q. 4481 *et seq.*

² Q. 5564-8.

³ Q. 2994.

⁴ Q. 1804.

⁵ *Staffordshire Sentinel*, July 30, 1888.

so plain, that on the second day of the hearing the counsel for the Companies informed us that foreseeing we should have no alternative but to set aside such rates, he would not say a word in defence of them."¹

Even Mr. S. Laing, the Chairman of the Brighton Railway, admits that railways "could easily retaliate, under a sense of injury, by measures which no control could prevent unless it was prepared to take on itself the entire responsibility of the detailed management of the line."² And speaking as an entirely outside and impartial observer, Professor Hadley says—

"The Railway Companies can behave in an exasperating manner without endangering any of their well-recognized rights. Such impudence as was displayed by the Companies in the face of the early decisions of the Railway Commissioners would be all but impossible in America. . . . But in the majority of cases it may fairly be said that honestly-managed American Corporations have really tried to conform to the requirements of Commissioners even before the Courts have taken the steps to render such compliance necessary. This has not been the case in England."³

But it is not merely the fear of retaliation that deters traders and farmers from taking cases before the Railway Commissioners, even where they believe they have a perfectly just grievance. The Committee of 1881-2 report that—

"Traders complain, and the complaint has been supported by many witnesses, that it is not for the interest or pecuniary advantage of almost any trader to take a Railway Company before the Commission.

"1. Because the expense of obtaining redress is so great that the trader, even when completely successful, will almost invariably sustain pecuniary loss.

"2. Because experience has shown that Railway Companies are prepared to litigate to an extent which few traders dare to contemplate; and—

"3. Because Railway Companies have so many opportunities of putting traders to inconvenience and loss by withholding ordinary trade facilities and otherwise, that traders are

¹ Q. 421 *et seq.* Select Committee, 1881,

² *Fortnightly Review*, April 1886.

³ *Railroad Transportation*, p. xii.

afraid of the indirect consequences of taking a Railway Company into Court.”¹

With the third point I have already dealt. Dealing with the first and second, the Committee declare that—“The evidence submitted to us shows that there is some ground for these apprehensions on the part of traders, and the consideration of their relative positions clearly shows that it is to the pecuniary advantage of a trader to submit to overcharges, or to suffer from undue preference to others, instead of taking a Railway Company before the Commissioners. Perhaps no more instructive or illustrative case could be adduced than that stated by the Chairman of the London, Chatham and Dover Railway Company: ‘Last year that Company issued a circular stipulating for a special service tariff, and tenders for the carriage of hops by the Company. According to this tariff the rate for hops from Sittingbourne, for example, was 36*s.* 8*d.* per ton, from which 5*s.* might properly be deducted for delivery in London, leaving 31*s.* 8*d.* as the charge for conveyance on the railway. On behalf of the hop-growers, it is contended that the maximum legal charge by the Company for conveyance from station to station is 18*s.* 9*d.*; and if the contention is well founded, the Railway Company surcharged 12*s.* 11*d.* per ton. The quantity of hops annually carried by the London, Chatham and Dover Railway Company is about 4000 tons. The alleged surcharge on this quantity amounts to an important sum, and this the Railway Company would have to stake in any action, but this surcharge to the individual hop-grower would hardly tempt any prudent man to litigation.’”²

Recent experience has more than confirmed these remarks. Under the Act of 1894, a case was taken before the Railway Commission by the Mansion House Association on behalf of its members in Northampton, who urged that the rates which had been increased should be reduced to the 1892 level. After nearly two years’ delay, and the expenditure of some hundreds of pounds, the Railway Companies were defeated, and the traders believed that they had settled a test case, which would rule the others.³ Not so however. The

¹ *Railroad Transportation*, page xii.

² *Ibid.*

³ *Report, Mansion House Traders’ Association, 1897.*

Companies philosophically accepted the decision as applying to the particular case, and smilingly await proceedings from other traders who desire to challenge any of the remaining millions of rates, and have the temerity to run the responsibility of the expense. Similarly a number of Southern farmers and traders through the Mansion House Association challenged the preferential foreign rates from Southampton, at a cost of some £2000. In certain of the particular instances cited as to specific quantities of hops, hay, and fresh meat, the Commissioners ordered the Companies to abolish the preference.¹ But it merely settled the particular cases and rates in question, and in no sense affects the millions of other rates, each of which will have to be considered "upon its own merits." So that it simply comes to this, every case of excessive or preferential rates will have to be separately challenged at an expense of some hundreds of pounds, or the traders will have to continue under the grievance. When we remember that there are 250,000,000 separate rates, and if we only allow that a small proportion are excessive or preferential, and if we only assume a cost of two or three hundred pounds in challenging each, it will be seen that, either the traders will have to grin and bear the burden, or spend, in attempting its entire removal by litigation, a sum probably greater than the whole amount required for the complete acquisition of the entire railway system.

Up to the publication in 1904 of the last report of the Board of Trade upon the subject there had been 1188 complaints under Section 31 of the Railway and Canal Traffic Act 1888. The nature and number of these complaints for the several periods respectively were as follows—

¹ *Report, Mansion House Traders' Association, 1897.*

NATURE OF THE COMPLAINTS UNDER SECTION 31 OF THE RAILWAY
AND CANAL TRAFFIC ACT 1888

	FIRST REPORT.	SECOND REPORT.	THIRD REPORT.	FOURTH REPORT.	FIFTH REPORT.	SIXTH REPORT.	SEVENTH REPORT.	EIGHTH REPORT	TOTAL.
(1) Rates unreasonable or excessive in themselves ...	34	10	10	55	168	58	88	53	476
(2) Higher rates for shorter distances on the same line	4	14	6	8	14	9	11	7	73
(3) Disproportionate rates or higher rates for shorter distances not on the same line	7	13	15	24	36	25	37	27	184
(4) Rates unreasonably increased *	—	—	—	—	—	—	94	27	121
(5) Miscellaneous	7	18	14	9	87	38	95	66	334
Total ...	52	55	45	96	305	130	325	180	1188
Railway Companies ...	49	54	44	92	284	125	317	178	1143
Canal Companies ...	3	1	1	4	21	5	8	2	45
	52	55	45	96	305	130	325	180	1188

* Exclusive of 1938 complaints dealt with by Mr. Pelham before 1899, of which particulars are not given.

How futile individual complaints against the Companies really are may be gathered from the fact that of these 1188 complaints there were only 384 settled "more or less" to the satisfaction of the complainants. Here is the table giving the results in brief:

(1) Cases settled more or less to the satisfaction of the complainants	384
(2) Cases in which no further communication was received from the complainants, after the explanations furnished by the companies had been communicated to them	385
(3) Cases in which the complainants were not satisfied ...	416
(4) Cases still under consideration	3
TOTAL ...	1188

Thus with competition dead, with the interest of the Companies opposed to that of the public, with coercion through revision a failure, and through the Railway Commissioners impossibly costly, and futile, I am surely justified in definitely saying that from the standpoint of the public and of national trade the present system is hopelessly beyond redemption.

CHAPTER XIII

STATE RAILWAYS IN PRACTICE—IN EUROPE

FOR many years past there has been an almost general tendency throughout Europe from private to State-ownership of railways. This tendency has increased in intensity during the last few years, and at present there is not a single sign of any movement in an opposite direction. Nor is the explanation far to seek. It lies in the fact that the difficulties of control have been found greater, and the financial risks of ownership less. But, above all, the Governments have been roused to the idea of the supreme importance of a railroad policy as an element in the industrial and even in the political life of nations, and have felt that nothing short of complete ownership and direct management of railroads would give them the power to which they aspired. Before dealing with each country in detail, a few points of general comparison will be of advantage, such as the relative lengths of State and private lines, the relative cost of administration under the two systems, and the relative transit rates for different countries. According to the last *Statistical Abstract*, the following was the mileage of State and private lines respectively in operation in Europe in 1894 and 1904 respectively.¹—

COUNTRIES.	LINES.	1894. MILES.	1904. MILES.
Russia in Europe ...	{ Companies ...	9,516	11,470
	{ State ...	11,182	18,057
Norway ...	{ Companies ...	42	206
	{ State ...	958	1,275
Sweden ...	{ Companies ...	3,835	5,170
	{ State ...	1,899	2,612

¹ *Statistical Abstract of Foreign Countries*, 1896 and 1906.

RAILWAY NATIONALIZATION

COUNTRIES.	LINES.	1894. MILES.	1904. MILES.
Denmark	{ Companies ...	301 ...	855
	{ State ...	1,069 ...	1,138
Germany: Prussia...	{ Companies ...	1,064 ...	1,194
	{ State ...	15,175 ...	20,716
Alsace & Lorraine	{ Companies ...	7 ...	17
	{ State ...	894 ...	1,067
Bavaria	{ Companies ...	548 ...	661
	{ State ...	3,170 ...	3,915
Saxony	{ Companies ...	79 ...	3
	{ State ...	1,711 ...	2,013
Wurtemberg ...	{ Companies ...	11 ...	131
	{ State ...	1,057 ...	1,195
Baden	{ Companies ...	34 ...	19
	{ State ...	872 ...	1,019
Hesse	{ Companies ...	340 ...	—
	{ State ...	151 ...	—
Total length of line		25,113	—
Holland	{ Companies ...	781 ...	1,025
	{ State ...	885 ...	1,082
Belgium	{ Companies ...	795 ...	330
	{ State ...	2,043 ...	2,507
France	{ Companies ...	23,334 ...	26,843
	{ State ...	1,634 ...	1,726
Switzerland ...	{ Companies ...	2,201 ...	2,603
Portugal	{ Companies ...	— ...	866
	{ State ...	— ...	550
Spain	{ Companies ...	7,301 ...	8,601
Italy	{ Companies ...	9,280 ...	10,068
	{ State ...	— ...	—
Austria (Proper) ...	{ Companies ...	5,865 ...	7,413
	{ State ...	4,288 ...	5,173
Hungary	{ Companies ...	2,923 ...	6,295
	{ State ...	4,618 ...	4,774
Roumania	{ Companies ...	— ...	—
	{ State ...	1,603 ...	1,974

The question as to whether the cost of administration is greater under State or private management is one of vital importance. There are doubtless a very large number of people who are prepared to nationalize the railways on principle, even if their cost of administration should be greater than under private ownership. And there is certainly a very

great deal to be said for their contention, for the railroads have become the virtual highways of the country, and the theory of using the highways for the development of the country, regardless of whether they "pay," might not unreasonably be applied to the railways, if necessary, as a final resort. But, on the other hand, there are a great many people—probably a large majority of the business classes—who are only prepared for the State to take over the railways as a purely commercial transaction; and who would certainly oppose the transfer if they believed the State would be more prodigal of expenditure than the administrators of the present system. It will, therefore, be of advantage to take the question out of the realm of abstract principle, and refer it to the test of experience for a moment. Sir George Findlay has made a general assertion that the Government administration of railways would be more costly than private administration, but he has adduced no facts in support of his contention, and the evidence of experience is against him. The proper basis of comparison for this purpose is, of course, the cost of administering, not a State line in one country with a private line in another, but the State and Companies' lines respectively, side by side, in the same country. And this comparison has been most effectively made by Mr. J. S. Jeans. He gives this comparative statement, showing the percentage of total working expenses expended on administration on the State and private lines respectively of different European countries—

COUNTRIES.	State lines.	Companies lines.
	Per cent.	Per cent.
Germany	9.40	13.10
Austria-Hungary	6.50	8.47
Belgium	5.05	10.13
Denmark	6.89	5.77
France	16.16	9.58
Italy	6.49	8.76
Norway	7.30	7.00
Holland	5.30	10.35
Roumania	4.40	10.80
Russia	9.27	13.70

¹ *Railway Problems*, p. 474.

It will be noticed that in France alone is the cost of State administration considerably greater than private administration. This difference, Mr. Jeans tells us, is explained by the fact "that the State only own the feeders and Companies the main trunks. France, therefore, is exceptional. But in the case of countries where the conditions of the comparisons are more parallel, the State lines will be seen to be invariably the more economically managed as regards administration. Belgium supplies one of the most notable examples of this economy, the State-controlled lines being administered for less than one-half the relative cost of the lines belonging to private Companies."¹

This statement shows the percentage of total working expenditure applied to the maintenance of way and traffic expenses respectively²—

COUNTRIES.	Maintenance of Way.		Traffic Expenses.	
	State lines.	Private lines.	State lines.	Private lines.
	per cent.	per cent.	per cent.	per cent.
Germany	35'90	28'20	31'10	35'30
Austria-Hungary	38'12	30'21	29'03	32'54
Belgium	24'04	24'86	25'96	32'79
France	24'15	20'83	27'57	34'77
Italy	22'01	26'68	35'98	31'14
Holland	29'70	25'59	36'90	35'53
Roumania	38'10	29'20	22'70	28'40
Russia	40'40	31'03	11'83	21'34

Two facts stand out with special prominence in this table—the first, that the cost of maintenance of way is generally higher on the State lines; the second, that traffic expenses take a higher range on the lines of private Companies.

"It might be easily contended, and even proved beyond all doubt," says Mr. Jeans, "that the first characteristic is a result of the better condition in which the State keeps the permanent way; and so far as this is the case, the public convenience, safety, and general advantage are promoted. The higher range of traffic expenses on Companies' lines undoubtedly

¹ *Railway Problems*, p. 474.

² *Ibid.* p. 475.

argues greater laxity of management, since, as we have already shown, this is one of the most elastic of items, and may be either very high or very low according as economy or extravagance is the prevailing system. So far then as we have already gone, the experience of Continental Europe points unmistakably to the exercise of greater economy in State management. We might easily proceed to show that this essential difference is equally characteristic of other and more technical features of railway administration."¹

The next, and most important point, is the question of transit rates and charges. The consideration of passenger fares we will postpone for treatment in a separate chapter, and confine our attention at this stage to the consideration of goods rates alone. This aspect of the problem has been comprehensively investigated by Sir Bernhard Samuelson so far as Holland, Germany and Belgium are concerned ; and the following table of comparative rates is taken from the masterly report which he presented to the Associated Chambers of Commerce.

				For same distance.			
				British.	German.	Belgian.	Dutch.
BAR IRON, etc. :							
Brettle Lane to Liverpool	...	...	...	11/0	8/8	6/8	8/3
" " Hull	...	...	...	14/4	11/1	7/3	9/5
" " Paddington	...	...	...	15/0	9/4	6/10	8/7
" " Manchester	...	...	...	11/6	7/0	6/4	7/3
" " Nottingham	...	...	...	10/0	6/2	6/1	6/6
North Staffordshire to Liverpool	...	...	...	7/6	4/8	5/0	4/8
" " " London	...	...	...	13/4	9/10	6/4	8/8
IRON WIRE :							
Birmingham to London	{	packed ..	24/4	10/4 to 11/2	8/11	8/2	
		unpacked	15/2				8/6	8/11	8/2
" " Hull	{	packed ..	25/0	11/7 to 12/7	9/4	8/7	
		unpacked	17/6				9/6	9/4	8/7
" " Coventry	{	packed ..	8/8	3/2 to 3/5	3/6	3/3	
		unpacked	5/0				2/11	3/6	3/3
HARDWARE :							
Birmingham to London	...	...	23/6	11/4	13/11	11/3	
" " Manchester	...	...	17/8	9/1	11/7	9/6	
CUTLERY :							
Sheffield to Hull, export	...	...	20/6	6/7	8/9	6/0	
[For small consignments the German rate would be 12/1.]							

[For small consignments the German rate would be 12/1.]

¹ *Railway Problems*, pp. 463-4.

				For same distance.			
				British.	German.	Belgian.	Dutch.
COTTON GOODS:					to		
Manchester to London	...	...	...	36/0 20/0 (21/0 export.)	23/0	18/1	14/4
" " Liverpool	...	...	...	10/6 5/4 (6/10 export.)	5/11	5/9	4/2
" " Oxford	...	...	...	42/0 16/11	19/5	16/3	12/4
" " Bristol	...	...	...	31/0 18/10	3/5	17/4	14/0
WOOLLEN, WORSTED, and STUFF GOODS:							
Bradford to London	...	...	...	39/4 20/8	23/8	18/4	14/6
" " Manchester	...	...	...	14/4 6/0	6/11	6/9	4/8
" " Hull	...	...	...	15/2 8/2	9/7	9/3	6/2
" " Norwich	...	...	...	41/0 21/2	24/2	18/7	14/7
GENERAL MACHINERY:							
Leeds to Hull	...	...	...	25/0 (12/6 export.)	4/6	8/0 (5/5 export.)	5/6
COTTON:							
Liverpool to Manchester	...	...	...	7/2	4/2	4/6	4/2
WOOL:							
Liverpool to Manchester	...	...	...	9/2	4/2	4/11	4/2
CATTLE:							
Hull to Manchester	...	...	...	59/3	38/6	29/6	37/6
" " Leeds	...	...	...	34/6	23/6	20/3	24/9
Worcester to Birmingham	...	...	...	19/0	15/2	13/1	16/11
HOPS:					unpressed.		
Staplehurst to London	...	...	...	32/2	13/5 4/2 (large lots pressed.)	9/11	11/9
Sittingbourne to London	...	...	...	29/4	14/4 4/5 (large lots pressed.)	10/8	12/6
HERRINGS:						German.	
Edinburgh to Birmingham	...	...	...	60/0 to 68/4		23/8 to 26/1	

Mr. W. A. Massey, of the Hull Chamber of Commerce, gave this typical instance during the great Rates enquiry.

"I should just like to mention the rates that are charged upon the German railways, from some of the German manufacturing centres to the sea-board, in order to enable the German manufacturers to compete with the English manufacturers in foreign markets. From Birmingham to Newcastle, which is the longest haulage that I can conveniently lay my hands upon for hardware, a distance of 207 miles, the rate is 25s. per ton, or 1'449d. per ton per mile. Now, given this low rate, and comparing it with what the Germans have from Dortmund, which is a large hardware manufacturing centre, to Rotterdam (the port of shipment for this centre), a distance

of 153 miles, the rate charged is 10s. per ton for the whole distance, or 0·784*d.* per ton per mile. Then we will deal with Essen, another large manufacturing centre, to Rotterdam, the port of shipment: the distance is 132½ miles, and the rate is 8s. 4*d.*, or 0·760*d.* per ton per mile.”¹

From the beginning of the railway era, State-ownership of railways has prevailed in several of the German states, but soon after the unification of the Empire had been achieved in 1870, the idea of a great imperial system was conceived. And in 1876 Prince Bismarck bent his energies to co-ordinate the existing State lines, to acquire the private undertakings, and to weld them into one complete whole. It has frequently been alleged that the sole motive for this acquisition by the State was one of military strategy. This, however, is not borne out by the evidence. Military and political reasons certainly there were, but they were merely coincident with the industrial and commercial needs of the nation, which were the real factors that determined the policy. Thus, in 1872 (four years before Bismarck formulated his Imperial Railway plan) the German Handelstag, representing the united Chambers of Commerce, petitioned for sweeping railway reforms in the interests of commerce and industry. And this is what they said—

“There exist in Germany at one and the same time Empire railways, State railways, private railways under State administration, independent railways, and railways let on lease, with about fifty different administrations and a number of different unions. This diverse system is the true cause of the constantly increasing inefficiency of our railway system.

“The character of the railways, as trade undertakings based on monopoly, was contrary to the idea of their institution for the public good, and had the actual effect of making the railway administration the absolute masters of the public.

“Competition did not protect the public against monopolist oppression, and that Railway Companies generally and easily resolved themselves into a coalition of those interested in the monopoly.”

Their conclusion was that—

“A comprehensive reform could only be hoped for when

¹ Q. 9884 *et seq.*

all the railways of Germany were managed as one system, and subject to the condition that this administration, like the past, should offer that guarantee which no written law would ever succeed in infusing into private railways. It was only the State which could afford such a guarantee, and for this reason the transfer of the whole railway system to the State was necessary. Therefore they recommended the establishment of an Imperial Railway Office."¹

And Sir John Walsham, British *Chargé d'Affaires* at Berlin, reported to the English Government that "the argument in favour of the State incurring this additional burden is the benefit to be derived from the possession of all lines of communication and from the power of being able to introduce a simpler and cheaper goods tariff, as well as to put an end to the possibility of differential tariffs in this respect."² From which it will be seen that military strategy, though a factor, was not the chief factor that determined the acquisition. Although the Government have been steadily pursuing their policy of purchase since 1876, they are still a good way off a complete imperial system. This has been owing largely to the mutual jealousies between the Confederate States.

Sir Bernhard Samuelson, already quoted from, states that—"The net returns on the cost of construction of the railways in the hands of the Governments, *after* payment of preference shares, debentures, etc., were 5.01 per cent., reduced, however, on the actual cost to the Governments, in consequence of the premiums paid on the purchased railways, to 4.65 per cent. On the private railways these figures were respectively 4.93 and 4.61 per cent. On the Prussian State railways, taken by themselves, these returns were 5.55 per cent. on cost of construction, and 5.09 per cent. on the cost after including premiums on purchase. The purchased lines were paid for by Consols, bearing 4 per cent. interest; and the money employed in the construction of the lines by the Government itself was borrowed at about the same rate, hence there appears to be a clear profit to the Government of 1 per cent. on the capital invested in its railways, after setting aside an amount, which is however not very large, as a sinking fund.

¹ *State Purchase of Railways*, p. 26.

² *Foreign Office Report*, No. 41, 1883.

In comparing these results with those of our English railways, it must be borne in mind that the average cost of construction has been considerably less in the case of the German railways than of our own. On the other hand, however, the proportion of net to gross receipts is not unfavourable to the German lines; and this is all the more remarkable when it is considered that the tariffs are much lower for both passengers and, as will be hereafter shown, for goods, than in this country; that the cost of materials consumed by the railway is, generally speaking, higher; and that large sums, which with us would be charged to capital, are in Germany defrayed out of revenue."¹

And dealing with the effect of the transfer to the Government, he asserts that—"The transfer of the railways from private management to that of the State, administered as above described, was intended to produce, and has produced, decided economy in the cost of working the traffic, greater uniformity in rates, and increased accommodation to the public; and the result of the inquiries which I instituted in numerous centres of trade, manufactures, and consumption, enables me to state that these advantages have been secured without any drawbacks."²

Terminal rates are fixed low so as not to interfere with short-distance traffic. A rate once fixed is tolerably permanent, not, as in America, changed at the arbitrary will of the managers, sometimes two or three times a week, seldom giving their customers any schedule of rates, and probably not adhering to them when they do.

The system of management is admirably calculated to serve the best interests of the public. It consists of an Imperial Railway Board, and of a number of Provincial Railway Boards, who consult with what are called the District Consultative Committees. These consist of representatives of commerce, manufactures, agriculture, and forestry, elected for periods of three years by the Chambers of Commerce and Agriculture. Each District Council advises the Provincial Railway Board which directs the lines supplying its district; and the Board is bound to consult the Council on all important questions affecting the traffic of the district, and especially on questions of tariffs. But the Councils are not restricted to

¹ *Report on Foreign Goods Rates to Chambers of Commerce, 1886.*

² *Ibid.*

merely giving opinions when consulted; they may also originate proposals in regard to all railway matters that appear to them of importance for the welfare of their districts. The natural consequence of this common-sense procedure is universally recognized. Even railway managers, as well as traders, acknowledge that the District Consultative Councils are of great practical utility in the adjustment of tariffs, and, generally, in the prevention of friction.¹

In the matter of passenger accommodation, Baedeker declares that the German second-class carriages are more comfortable than our first.² The second-class long-journey carriages are provided with a lavatory, and "many," says Hole, "who would in England, France, Belgium or Italy ride first-class, are content with the second-class German." The German railways also manage the system of refreshments better than we do. Soup, tea, coffee, and lemonade, good and at moderate prices, are generally obtainable there and rarely here.³

Taking all the State railways of the German Confederacy together, the Berlin correspondent of the *Times* showed that for the ten years ending 1890-91, there had been an increase of 22 per cent. in the mileage, of 41 per cent. in the receipts, and of 23 per cent. in the net revenue, as compared with 10 per cent., 20 per cent., and 15 per cent. respectively for the corresponding period in England. He also showed that while the German lines earned an average rental during that period of 4·86 per cent., the English earned 4·10 or ·66 per cent. less. And all this, be it remembered, after giving rates and charges that are in most cases incomparably cheaper than under the system of private ownership in this country.⁴

In 1904 there were 31,200 miles of State railways open in the whole of Germany. There were also 2200 miles of company lines open. As compared with 1900 the percentage of net receipts on cost of construction had increased from 5·81 to 5·89. In the same period the number of passengers had increased from 856,267,000 to 1,029,536,000, and the working expenses had decreased from 47·7*d.* per train mile to 45·6*d.*

Though the conditions of employment of most classes of

¹ *Report on Foreign Goods Rates to Chambers of Commerce*, 1886.

² Ackworth, *Nineteenth Century*, September 1891.

³ *National Railway*, p. 257. ⁴ November 14th, 1892.

German workers are considerably worse than in the case of similar classes in England, the State railway servant is certainly better off than our English railway workers. From the Appendix it will be seen that not only are the Prussian wages better than here, but large allowances are made for houses, and every workman and his widow and orphans are entitled to pensions as Civil servants!¹

The following table gives the latest available official statistics of the German railways:—

		1902	1903	1904
Length of State Railways ..	<i>Kilom.</i>	47,228	48,784	49,688
„ „ Companies' Railways:—				
(a) worked by the State	<i>Kilom.</i>	205	216	159
(b) worked by Companies	<i>Kilom.</i>	4,351	3,814	3,975
Total Length of Railways .. {	<i>Kilom.</i> <i>Miles.</i>	51,964 32,270	52,814 32,797	53,822 33,423
Cost of Construction {	<i>Marks</i> <i>£</i>	13,457,156,000 672,858,000	13,827,167,000 691,358,000	14,180,211,000 709,011,000
„ { per Kilom. ..	<i>Marks</i>	258,808	261,326	262,284
„ { „ Mile ..	<i>£</i>	20,838	21,040	21,118
Distance travelled:—				
By Locomotives	<i>Kilom.</i>	530,852,000	562,072,000	595,616,000
„ Passenger Trains ..	„	253,626,000	268,254,000	285,364,000
„ Goods	„	194,743,000	205,957,000	216,502,000
„ Mixed	„	53,294,000	55,619,000	57,560,000
Passengers carried	<i>No.</i>	891,044,000	957,684,000	1,029,536,000
Mean journey per passenger	<i>Kilom.</i>	23'67	23'49	23'14
Goods carried	<i>Tons*</i>	365,955,000	392,205,000	408,221,000
Mean haul per Ton	<i>Kilom.</i>	100'25	100'69	100'90
Receipts:—				
From Passengers	<i>Marks</i>	577,341,000	613,286,000	642,100,000
„ Goods	„	1,298,343,000	1,400,058,000	1,468,302,000
Other	„	152,766,000	152,502,000	160,513,000
Total {	<i>Marks</i> <i>£</i>	2,028,450,000 101,423,000	2,165,846,000 108,292,000	2,270,915,000 113,546,000
Expenses, Total {	<i>Marks</i> <i>£</i>	1,314,574,000 65,729,000	1,360,685,000 68,034,000	1,436,324,000 71,816,000

* Metric tons of 1000 kilograms.

	1902	1903	1904
Net Receipts { <i>Marks</i>	713,876,000	805,161,000	834,591,000
Percentage of Net Receipts on cost of Construction { <i>£</i>	35,694,000	40,258,000	41,730,000
	5'30	5'82	5'89
Gross Receipts per Kilom. .. { <i>Marks</i>	39,067	41,071	42,257
" " " Mile .. { <i>£</i>	3,145	3,307	3,402
Gross Expenses per Kilom. .. { <i>Marks</i>	24,871	25,274	26,259
" " " Mile .. { <i>£</i>	2,003	2,035	2 114
Receipts per Train Kilom. run { <i>Marks</i>	3'80	3'84	3'80
" " " Mile " { <i>d.</i>	73'4	74'2	73'4
Expenses " " Kilom. " { <i>Marks</i>	2'42	2'36	2'36
" " " Mile " { <i>d.</i>	46'8	45'6	45'6
Receipts per Passenger Kilom. { <i>Marks</i>	'0263	'0262	'0259
Receipts per Metric Ton { <i>Marks</i>	'0352	'0352	'0353
Kilom.* {			
Accidents:—			
To Passengers { <i>Killed</i>	75	73	74
" " " " " " { <i>Injured</i>	422	322	379
" Employés { <i>Killed</i>	455	494	565
" " " " " " { <i>Injured</i>	1,199	1,213	1,408
" Others † { <i>Killed</i>	313	293	302
" " " " " " { <i>Injured</i>	368	272	281
Total † { <i>Killed</i>	843	860	941
" " " " " " { <i>Injured</i>	1,989	1,807	2,068

NOTE.—The above statement is exclusive of narrow gauge lines, with a total length of 1800 kilom. in 1900, 1893 kilom. in 1901, 1879 kilom. in 1902, 1961 kilom. in 1903, and 1995 kilom. in 1904.

* Excluding military stores.

† Exclusive of suicides.

The State railways of Belgium have proved an unqualified success in every way—in cheapness of rates, in efficiency of service, and as an investment of public monies. As Austria borrowed the Zone idea from an Englishman (Mr. Raphael Brandon) and has made such excellent use of it, so did the enlightened King of the Belgians, Leopold, for, appreciating the wisdom of Thomas Gray, he provided from the first for State railways in his little kingdom. And his foresight has been richly rewarded. While up to 1894 the State lines cost £32,000,000 to construct, they earned a net profit of £60,000,000, or just double their cost price.¹ And this is too the very smallest part of their gains. The Government have always treated the question of earning a profit as of quite minor

¹ C. Waring.

importance. The policy has been to constantly use surpluses for cheapening rates and increasing facilities. This policy was first adopted in 1856, and the effect was immediate. In the first eight years the traffic increased by 106 per cent., and the receipts by 49 per cent. From 1870 to 1883 the receipts increased by 168 per cent. Nor are the traders and farmers troubled with the practices which mar our English system. Differential rates between individuals are unknown, and the complete publicity secured by State-ownership has prevented the unfairness of secret rebates and special contracts. Says Mr. Charles Waring—"The advocates of State railways are entitled to take credit for the fact, that side by side with State administration and the successive reductions of rates and fares, the country has developed a degree of material prosperity unequalled by any other nation of similar area, population, and resources in the world."¹

And Professor Hadley is equally unsparing in his eulogies, though he takes the most impartial view of State-ownership *per se*. He says—"In judging the railroad policy of Belgium by its results, all must unite in admitting that they are in many respects extraordinarily good. What their average rates are, we have already seen. The passenger rates are lower than anywhere else in the world, except perhaps on some East Indian railroads. The freight rates are much lower than anywhere else in Europe. Their classification is also excellent. They have now got matters into such shape that the schedules themselves (which go quite into details) furnish a system of rates adapted to the wants of different lines of business and of different localities."²

"The experience obtained in Belgium of the working by the State of at least a portion of the railways existing in that country, is entirely in favour of that system. . . . Notwithstanding the superior financial result, the lines worked by the State are those kept in the best order, and the working of which gives the greatest satisfaction to the commercial world and the public in general, as regards regularity of conveyance, cheapness of transit, and the comfort of travellers.

"The State not being solely guided by the prospect of

¹ *State Purchase of Railways*, p. 24.

² *Railroad Transportation*, p. 216.

financial gain, but having constantly in view the interest of the public which it represents, is in a better position than private Companies to introduce all desirable improvements, not only as regards the efficient performance of the service, but also as respects the cost of conveyance, without however altogether disregarding the increase of revenue which its operations may bring into the public treasury."¹

In spite, however, of low rates, the State lines still earn a handsome profit. In 1904 the gross income was £10,428,289, while the working expenses were £6,250,228, thus leaving a net profit of £4,178,061.² In addition to this, it should be borne in mind that the Belgian Government pays nothing for the conveyance of its mails, while we have to pay about a million a year to our Railway Companies. Sir H. Barron, in an official report, ventures the opinion, that "it is certain that if managed solely as a commercial enterprise, the Belgian State railways would not have proved such a stimulus of national prosperity."³

Rather more than half the railways of Holland are in the hands of the State, or 1000 miles out of a total of 2060. The State lines cost £22,178,000 to construct up to 1894. In 1904 the gross receipts amounted to £4,226,000, and their working expenses to £3,548,000, leaving a net profit of £678,000. But the Government have almost consistently pursued the policy of ignoring profit, and giving the traders the advantage in improved facilities and cheaper rates. Thus during five years the profits were '75, '49, '33, '71 and '61 respectively, while during the same period the passengers increased from 6,664,434 to 11,682,144, and the goods traffic from 4,378,798 tons to 5,904,424 tons. So satisfactory has State-ownership proved, that private lines are being continually taken over by the Government.⁴

The State owns in Denmark 1200 out of the 2200 miles of railways. In 1904 the gross receipts were £1,977,000, the working expenses £1,567,000, and the net receipts £409,852. The State also works in connection with its rail-

¹ *Railway Problems*, p. 464.

² *Statistical Abstract*, 1896.

³ *State Purchase of Railways*, p. 22.

⁴ *Statistical Abstract*.

ways a fleet of 11 steamers, 11 steam ferries, and 93 boats for ice transport.¹

About a third of the railway mileage in Sweden is in the hands of the State. In 1894 the gross receipts were £1,297,890, and the working expenses £880,703, leaving net receipts of 2·71 per cent. on cost of construction.² In Norway the State owns all but 42 miles, and in these it holds 60 per cent. of the preference shares. And in this connection an interesting object lesson arose of the difficulty of attempting to work a system of divided ownership between the State and private individuals. The Government proposed that the estimates of the Company with the 42 miles of railway should be submitted each year to the Parliament, so as to secure direct interference in its management, and assimilation in that respect to the State railways. But to this reasonable proposal the shareholders raised loud objection, on the ground that such action would be illegal and would seriously jeopardize their interest.³

Up to the present France has done little in the direction of State-acquisition of her railways. She has, however, fully anticipated State-ownership by stipulating that all railways become automatically the property of the State at the end of ninety-nine years, and before that time at the option of the Government. But France has done much more than this. Practically the whole canal system has been acquired by the State, and so cheap and efficient has it been made that it has served as a powerful lever to keep down railway rates, and to procure a good railway service for merchandise. There is no doubt that the tendency of opinion is rapidly in the direction of State-ownership of the whole railway system. Even more detailed State regulation of the Railway Companies than ours has been quite insufficient to secure minimum rates and maximum services where the State canals do not compete. The experience in the revision of rates which we passed through in 1891-2, France passed through in 1886. As with us, some maxima were reduced below the wonted "actual," others were left intact, and others again were increased, to meet any exceptional contingencies that might arise in the cost of service.

¹ *Statistical Abstract.*

² *Ibid.*

³ *Board of Trade Journal*, February 1893.

And according to the report of a debate in the Chamber of Deputies furnished to the English Government,¹ the Companies did as ours did under similar circumstances. Reductions were made on the Paris-Lyons Mediterranean line to the extent of 5,000,000 francs on one set of rates, but the Company recouped by increasing others to the extent of 8,000,000 francs—or made a profit of 3,000,000 francs out of the “reductions.” Similarly the French Companies indulge in the luxury of preferential rates, and strangely enough, like our Companies, “all for the sake of the consumer.” And in the result, the French farmers and traders are swiftly veering to the views of President Waddington when he declared that—“Everywhere reforms are being made in railway tariffs; everywhere there is an increasing objection to leaving in the hands of private enterprise, however respectable it may be, the solution of questions which exercise such weighty influence on the economical development and industrial life of a country.”²

By the Referendum some time ago the Swiss people decided definitely in favour of nationalizing their whole railway system, which has been constructed at a cost of £55,600,000, and which earned in 1904 a profit of 3·5 per cent. on capital, and 3·9 per cent. on cost of construction.

The case of Italy has frequently been cited as an instance in which State railways have proved a failure. This is perfectly erroneous. It is true that State-ownership in Italy has not shared in the great success which has attended State-ownership in other European countries. But the State railways in Italy are much more successful than the private lines in that country. They are better managed, more cheaply managed, and yield a greater profit than the private lines. Thus Mr. Jeans shows that while the working expenses of the private lines reach the high proportion of 80·28 per cent., the State are 63·89 per cent.; and whereas the private lines earn a dividend of only 0·82, the State lines show one of 3·29. In face of such facts, it is absurd to say that the State railways are a failure as compared with the private system.³

¹ C. 4725. 1886.

² C. Waring, p. 11.

³ *Railway Problems*, p. 62.

CHAPTER XIV

STATE RAILWAYS IN PRACTICE—IN AUSTRALIA

NEARLY the whole of the railways in our Australian Colonies are in the hands of the State, and the experience derived from their administration has for us a special significance. When we point to the striking success of the State railways in several Continental countries, we are met with the plausible criticism that State lines have beaten private lines because of the lack of self-reliance among the peoples of those countries. Thus Mr. Acworth declares that—"I am no foe of Government railways. On the contrary, I believe that in countries with a population less self-reliant than our own, such a policy is necessary. In a country with a bureaucracy as well-trained and as well-organized as that of Prussia, it may even be desirable."¹ Now the success that has attended State railways in our Australian Colonies cannot be discounted with such facility; for no one would urge that the Colonials are less self-reliant than ourselves, or that they have either a better trained or better organized bureaucracy.

It would be absurd to deny that the Australian railways have been somewhat handicapped by several mistakes, but these mistakes have been the inevitable outcome of all early experiments. True to the peculiar genius of the Anglo-Saxon race, the Australian settlers have done with their railways precisely what they and we have done in all great undertakings. Instead of logically pursuing a policy rigidly based upon a preconceived theory, they have thrown logic and theory to the winds, and merely moved from practical experiment to practical experi-

¹ Preface, *Railways and the Traders*.

ment, with the perfectly natural result that while they have gained a great deal of valuable experience, it has occasionally been at the expense of somewhat costly blunders. Thus they recognized the need of constructing railways for the purpose of opening up undeveloped countries, and straightway they built certain railways that could not pay for some years to come. And as these railways preceded population, they had to pay the penalty of borrowing money at almost a speculative price. Hence the railroads are still handicapped by a burdensome interest. Then again, without experience in the best method of control, they rightly "erred on virtue's side," by preferring to adopt a crude method of direct democratic control, rather than run the risk of subjecting themselves to the dangers of an inflexible bureaucracy. But a few years showed that control by railway amateurs, because they were popular politicians, told against efficiency, though nobody has suggested serious personal corruption. Nor have the Colonists hesitated to utilize the lessons they have learned, by removing the railways from direct political influence, without however handing them over to an undiluted bureaucracy. Their present system of control is a happy combination of administrative efficiency and democratic influence.

But upon these points of over-construction and political control, the Australian railways have been subjected to the most ruthless attack by the advocates of private ownership. For example, the Hon. J. W. Fortescue, in a violent attack upon the Colonies, under the title of "The Seamy-side of Australia,"¹ prophesied imminent public bankruptcy, because of the huge public debts piled up by the Colonies. He then treats as "public debts" the sum expended upon the railways, although he urges in another place that the railways should be sold to redeem these debts, which is ridiculous. They are in fact a splendid asset. Lord Carrington, for some time Governor of New South Wales, declares that the railways can at any time be sold for a price equal to the debts of the Colony.² And this is supported from all sides. Says the *Australian Year Book* for 1893—

"The railways of Australia represent the assets for the

¹ *Nineteenth Century*, April 1891.

² *Ibid.* August 1891.

National debts of each Colony, and to-day would probably realize, if they were to be disposed of, fully the amount of the National indebtedness. *It is, however, improbable that the people concerned will ever allow these great possessions to pass into private hands, believing that they should be retained to open up and develop the resources of the Colonies, and aid in the material progress of Australia.*" And the same authority still further declares that "the adverse criticism (as to the overweighting of Australia with railway debt) has not, however, up to the present had a shadow of justification. Let it be remembered that the money borrowed has not been sunk in undertakings which will give no return, but has been expended in works which are reproductive, yielding a direct return on the capital, and representing a greater value than what they originally cost; for instance, the New South Wales lines, costing about 33½ millions, are estimated to be worth more than 40 millions sterling. Further, the money has been spent in developing large resources, which add to the wealth of the Colonies. It is wise to emphasize this point, as it has been overlooked to a large extent! In Europe the National debts of the various countries have been incurred principally through the expenses of prolonged wars, and the money has gone beyond recovery; but in these Colonies the expenditure is represented by public works, which are more valuable than the entire National debt, and pay a direct return, in some cases equal to the interest due upon the capital invested."

At present the administration of the railways in most of the colonies is in the hands of Permanent Commissioners, subject only under special circumstances to the Ministry of the day, but in Victoria and New Zealand the Ministry has recently been given an extended power of supervision. With regard to new lines, a Parliamentary Committee, called the Public Works Committee, and the Railway Commissioners both have a voice in the matter. The Commissioners furnish reports as to the probable traffic on the proposed new line, and as to the probability or otherwise of its proving a commercial success. The Public Works Committee then make a special and personal investigation, and decide upon the necessity, desirability, route, and commercial prudence of entertaining the proposal. And upon their decision practically depends the adoption or rejection

of any scheme. And this system is found to work satisfactorily. Probably the most serious error committed by the Australians in their railway policy has been the adoption of a different gauge in each Colony. Whether this is to be attributed to an excess of local patriotism, or a lack of foresight in anticipating the development of the Colonies, and their ultimate need of intercommunication, the unfortunate fact remains that the gauges vary from 3 ft. 6 in. to 5 ft. 3 in. This table shows at a glance the gauges of the respective Colonies—

					ft.	in.
New South Wales	...	...	...	...	4	8½
Queensland	...	...	...	...	3	6
South Australia	{	...	...	...	5	3
Victoria	...	...	...	...	3	6
Victoria	...	...	...	...	5	3
Western Australia	...	...	...	...	3	6¹

The effect of these differential gauges is of course that goods in going from one place to another have often to be unpacked and reloaded several times, at a large extra cost, delay, and inconvenience. But it is anticipated that ere long a uniform gauge will be adopted in all the Colonies, and already promising steps have been taken in that direction.

In proportion to population Australia is the best served in railway mileage of any country in the world. Here are some comparative figures—

Australia	...	...	...	1 mile of railway to	339 population.
America	..	...	...	1 „ „ „	350 „
Germany	...	...	...	1 „ „ „	1800 „
Great Britain	...	...	...	1 „ „ „	1888 „

But even this striking comparison gives but a very small idea of the position. When we remember how much of our railway mileage in Great Britain is confined to the crowded industrial centres, how sparsely served are our agricultural districts, and that Australia's population is mainly dependent upon agriculture, it will then be realized how much better in the matter of railways are the Australian farmers than their English *confrères*.

Again, in the United Kingdom the capital invested in

¹ *Australian Year Book*, 1893.

railways per head of population is £22 17s. 5d., whereas in Australia it is £26 18s. 4d.¹

The State railways pay a substantial profit. But unfortunately the community does not get the full advantage of this profit, owing to the high rates of interest at which the money for the earlier railways was borrowed. Though the average of these rates of interest is a little over three per cent., an average does not accurately express the position. The earlier loans for the construction of railways were raised at guaranteed interest of frequently six per cent.; the more recent loans have been raised at less than three per cent.

Under the able directorship of Mr. E. M. G. Eddy, a well-known English expert, and his fellow-commissioners, the railways of New South Wales have made great progress. Upon his appointment in 1889, Mr. Eddy corrected several of the earlier errors, and placed the administration upon a strict business basis, and in spite of some carping criticism from a certain section of politicians, he carried the Colony with him in his reforms. Contrasting the seven years (1882 to 1888), before the Commissioners were appointed, with the four years (1889 to 1892), the results showed that during the former period the *net* earnings did not increase; in the latter period they augmented 56·04 per cent. The net earnings per mile open in 1885 were £431, in 1892 £546, and per train-mile they rose from 2s. 1½d. to 2s. 10½d. And the most recent returns are as follows—

NEW SOUTH WALES.

	1903.	1904.	
Length	3139	3281	
Capital cost	£41,654,977	£42,288,517	
„ „ per mile	£13,272	£12,890	
Gross revenue	£3,314,893	£3,436,413	
Working expenses	£2,266,299	£2,258,940	
Net earnings	£1,048,594	£1,177,473	
Gross earnings per train-mile	...	...	68·89d. 79·30d.
Expenses	...	...	47·10d. 52·13d.
Net profit	...	...	21·79d. 27·17d. ²

This satisfactory result was not secured by raising rates.

¹ *Australian Year Book.*

² *The Handbook of Australia.*

On the contrary it was obtained by an economy in administration and by reducing rates, and thereby increasing the traffic in a greater proportion. This reduction was made both in goods rates and passenger fares. This table exemplifies the reductions—

Charges per ton per mile.						1879.	1891.
						d.	d.
Coal and shale	...	...	...	...	...	1'25	0'76
Firewood	...	...	...	...	...	1'26	1'10
Grain and flour	...	...	...	...	...	1'27	0'66
Hay, straw, and chaff	...	...	...	...	...	2'20	0'46
Wool	...	...	...	...	...	2'80	2'49
Live stock	...	...	...	...	...	2'90	1'85
General merchandise	...	...	...	...	...	2'66	2'10

It is interesting to know that there are no third-class carriages on the New South Wales Railway. Mr. Hole gives this comparison between the first and second London suburban lines—

SINGLE TICKETS.	3 miles.	5 miles.	7 miles.	10 miles.	13 miles.	15 miles.	20 miles.
London Suburban 1st Class	-/6 to -/8	-/8 to 1/-	-/8 to 1/4	1/4 to 1/9	1/9 to 2/5	2/- to 2/9	2/6 to 3/10
New South Wales 1st Class	-/4	-/6	-/8	1/-	1/4	1/6	2/-
London Suburban 2nd Class	-/4 to -/6	-/6 to -/9	-/6 to 1/-	1/- to 1/2	1/3 to 1/9	1/6 to 2/3	2/- to 2/9
New South Wales 2nd Class	-/3	-/5	-/6	-/8	-/10	-/11	1/2

Return Tickets are also less in the same proportions.

The London lines referred to are the London and North-Western, Great Northern, Midland, Great Eastern, London and South-Western, London and Brighton, South-Eastern, London, Chatham and Dover, and Great Western.¹

Or, comparing the New South Wales second-class with our third, it comes out thus—

	3 miles.	5 m.	7 m.	10 m.	13 m.	15 m.	20 m.
	d.	d.	d.	d.	d.	d.	d.
New South Wales (2nd class)	3	5	6	8	10	11	14
London (3rd class)	3	5	7	10	13	15	20

¹ *National Railways*, p. 227.

Which shows that for distances above five miles the Australian gets a second-class accommodation for much less than the Londoner gets third-class accommodation. Female members of a family are allowed to travel at half-price, and so are children up to 16 (instead of 12 as here). Again, University students and school-pupils, first-class, are charged half-fares; second-class, if under 16 years, quarter-fares, if over 16 half-fares. And passengers are permitted to break the journey.

An interesting object lesson of the intense regard with which the Colonists view the State system was supplied in 1882 in Queensland. Sir Thomas McIlwraith, the Premier, and his Government entered into negotiations with a British capitalist syndicate, to whom they promised a free grant of a large tract of country, in return for which a private railway was to be constructed. As soon as the negotiations leaked out, the indignation of the Colonists became so powerful that the Government were compelled to resign, were badly beaten, the syndicate was left in the cold, and the State system of railways remained intact.¹

In 1896, 2,386 miles of railway had been opened at a cost of £17,347,780, or £7,024 per mile. The gross earnings were £1,052,024, and the working expenses £644,362, leaving £407,662 net profit, or 2.66 per cent. on capital. The gross earnings per train-mile were 4s. 7d., and the working expenses 2s. 8½d.²

The railways of South Australia suffered severely in revenue from the depression of a few years ago, and this was enhanced by a serious drought and the failure of the harvest. In 1891 a revised tariff was put into operation making sweeping reductions in the goods rates. And in 1892 passenger return tickets for long journeys were made available for six months.³ Up to 1904 1736 miles had been opened, at a cost of £13,517,727 or £7785 per mile. The gross receipts were £1,160,639, and the working expenses £675,395, leaving £485,244 as net earnings. The earlier portions of the system were built with loans borrowed at 6 per cent. and 5 per cent., but the bulk of the loans have been raised at 4 per cent. It is expected that in twenty-three years from now, the whole of the 5 per cent.

¹ *Australian Year Book*, 1893.

² *Handbook of Australia*, 1897.

³ *Australian Year Book*, 1893.

and 6 per cent. bonds will be redeemed by half-yearly payments.¹

The following table shows the financial position of the railways in Victoria for the years 1903 and 1904.

VICTORIA.

	1903.	1904.
Length	3,376	3,381
Capital cost	£40,974,493	£41,216,703
„ „ per mile	£12,137	£12,191
Gross earnings	£3,046,858	£3,438,141
Working expenses	£2,032,087	£2,022,403
Earnings per mile open	£913	£1,020
Working expenses	£609	£600
Earnings per train-mile	...	...
Expenditure	...	...
Net profit	...	...

That the working expenses should be 64·40 per cent. is an expressive comment upon the fact that in this Colony the control is more definitely subject to ministerial influence than in either of the others. But Victoria suffers badly in its cost of management from the differential gauges which exist upon the several separate railways, and this has probably more to do with the high percentage of working expenses than the nature of the controlling authorities. It is satisfactory however to know that considerable reductions have recently been effected in the working expenses, for in 1892 they were 69·08 of earnings. The administrators have also claimed that though their working expenses are higher, the Victoria lines have been built more substantially, and therefore in the long run more economically than in the other Colonies. And independent authorities bear out this assertion.³

Western Australia possesses one mile of railway for every 96 inhabitants, which is the greatest proportional mileage in the world. In relation to area, however, she has a very low average, only possessing one mile of railway to 2100 square miles. But with the recent rapid development of the Westralian gold-fields, these proportions are being considerably modified.

¹ *Handbook of Australia.*

² *Ibid.*

³ *Australian Year Book.*

A prominent feature of the railway policy of this Colony has been the "land-grant" system, by which private capitalists have been given large tracts of land upon their undertaking to construct the railways for their own profit.¹

The following are the figures of the State railways for 1902, 1903, and 1904.

WESTERN AUSTRALIA.²

		1902.	1903.	1904.
Capital cost	... ..	£7,410,426	£8,141,782	£8,955,929
Cost per mile	... ..	£5,465	£5,678	£5,834
Gross earnings	... ..	£1,521,429	£1,553,485	£1,588,084
Working expenses	... ..	£1,256,370	£1,247,873	£1,179,624

The Government of Tasmania have made repeated reductions in their rates and fares. From 1870 to 1891, according to the Government Statistician, these reductions amounted to 82·30 in rates and 59·15 in passenger fares. In 1904 there were 462 miles of State railways open, at a cost of £8476 per mile. The receipts were £243,556, and the working expenses £171,630.³

The great bulk of the New Zealand State railways are only of some thirty-odd years' growth. In 1870 there were only 46 miles opened. In 1904 there were 2374 miles. The earnings were £2,209,231, the working expenses £1,492,900 and the profits £716,331.

In reply to the suggestion that the railways should pay a larger interest, the Government remark that in "making many of the lines, the anticipated advantage was the settlement of the country rather than direct returns from the railways themselves." And, further, that outlay still continues on which no direct returns can at present be expected, and will even make the financial results from the existing railways less favourable.

The Colonists have endeavoured to pursue the principle laid down by Mr. Charles Waring, when he says—"The proper principle, no doubt, is that accounts should balance, that the railways should be self-supporting, and that the

¹ *Australian Year Book.*

² *Handbook of Australia.*

³ *Ibid.*

profits should go in reduction of rates."¹ And they are justly proud of the result, for, to again quote the *Year Book of Australia*—

"The result of the railway system of the Colonies must be considered as very satisfactory. Already, as a whole, they pay a fair return for the capital that has been expended, *while the benefits they confer in opening up new lands for settlement and development, in providing a cheap and convenient mode of transit, and generally in furthering the trade and interests of the Colonies, are incalculable.*"

¹ *Fortnightly Review*, June 1886.

CHAPTER XV

THE ZONE SYSTEM AND REDUCED FARES

ENGLISHMEN may be pardoned if they feel a certain degree of national satisfaction in the fact that the Zone system of fares, which has made the Austrian and Hungarian State Railways famous, is a plant of British origin. Mr. Galt and Mr. Raphael Brandon, two of England's most zealous railway reformers, divide the honour of propounding to the world the idea, and to the latter M. Baross, the Hungarian Minister of Commerce, acknowledged his indebtedness when introducing the scheme into Hungary.

The peculiarity of the Zone system is that fares jump instead of slope up as with us. That is to say, instead of fares varying as in England with each additional mile, under the Zone system they are only altered for every ten or fifteen miles; and within the limits of each zone, fares are uniform. This of course means great simplification, and consequent saving of needless expenditure, which is still further secured by the avoidance of distinctively printed tickets for each station.

The passenger takes his ticket for the particular zone, and it is available in any part of that zone. What this would mean in England can scarcely be realized. Take a radius of six miles from St. Paul's for example. Within this area are probably three hundred railway stations, and for every one of these stations a complete set of separately printed tickets for each of the four classes, first, second, third, and workmen's trains, without including "halves" and "seasons," and others, is required.

This means that some 650,000 distinctively printed tickets have to be provided for this area alone. If passengers were given the advantage of a through ticket for all lines the number would, on the assumption of three hundred stations, work out as follows—300 “from” tickets $\times$ 299 “to” tickets $\times$ four classes $\times$ two (return and single) = 717,600 distinctive tickets.

A small tabular statement will show the complications even more effectually. Let us take the Midland suburban line to South Tottenham, with only its fourteen stations and single tickets for four classes, and this is the result—

	Moorgate Street	Aldersgate	Farringdon	King's Cross	Camden Road	Kentish Town	Highgate Road	Junction Road	Holloway	Hornsey Road	Crouch Hill	Harringay	St. Ann's	South Tottenham	
Moorgate	1	4	4	4	4	4	4	4	4	4	4	4	4	4	= 52
Aldersgate	4	1	4	4	4	4	4	4	4	4	4	4	4	4	= 52
Farringdon	4	4	1	4	4	4	4	4	4	4	4	4	4	4	= 52
King's Cross	4	4	4	1	4	4	4	4	4	4	4	4	4	4	= 52
Camden Road	4	4	4	4	1	4	4	4	4	4	4	4	4	4	= 52
Kentish Town	4	4	4	4	4	1	4	4	4	4	4	4	4	4	= 52
Highgate Road	4	4	4	4	4	4	1	4	4	4	4	4	4	4	= 52
Junction Road	4	4	4	4	4	4	4	1	4	4	4	4	4	4	= 52
Holloway	4	4	4	4	4	4	4	4	1	4	4	4	4	4	= 52
Hornsey Road	4	4	4	4	4	4	4	4	4	1	4	4	4	4	= 52
Crouch Hill	4	4	4	4	4	4	4	4	4	4	1	4	4	4	= 52
Harringay	4	4	4	4	4	4	4	4	4	4	4	1	4	4	= 52
St. Ann's	4	4	4	4	4	4	4	4	4	4	4	4	1	4	= 52
South Tottenham	4	4	4	4	4	4	4	4	4	4	4	4	4	1	= 52
Total															728

The inclusion of the next station, Blackhorse Lane, adds 112 more tickets, a sixteenth station will add 232, and a seventeenth will bring the total up to 1108; and so on, in an ever-increasing ratio. Now under the Zone system, with the individual station ignored, where we require 1108 distinctively printed tickets, they manage with a single ticket for each class, or four in all for each zone!

But the Zone system derives its popularity, not so much from this simplicity, which is its great intrinsic merit, as from the fact that it was chosen by both the Hungarian and Austrian State Railway authorities as the medium through which to effect sweeping reductions in fares—reductions that simply staggered the whole private railway management of Europe. Of course these reductions are no essential part of the Zone system, and could have been effected without it. The Governments chose otherwise, however, and hence in the popular mind cheap fares are indivisibly wrapped up with the Zone system. The revolutionary character of these reductions may be gathered from a brief comparative table of old and new fares on the Hungarian railways.¹

	SLOW TRAINS.			EXPRESS TRAINS.		
	First Class.	Second Class.	Third Class.	First Class.	Second Class.	Third Class.
Buda-Pest-Kaschan—	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Old	1 7 4	0 19 2	0 13 8	1 11 8	1 2 2	0 15 8
New	0 13 4	0 9 8	0 6 8	0 16 0	0 11 8	0 8 0
Buda-Pest-Klausenburg—						
Old	2 0 1	1 8 2	1 0 0	2 4 2	1 11 2	0 14 4
New	0 13 4	0 9 8	0 6 8	0 16 0	0 11 8	0 8 0
Buda-Pest-Cronstadt—						
Old	3 10 2	2 8 2	1 12 4	3 17 6	2 14 6	1 18 8
New	0 13 4	0 9 8	0 6 8	0 16 0	0 11 8	0 8 0
Buda-Pest-Agram—						
Old	1 17 10	1 1 10	0 19 0	—	—	—
New	0 13 4	0 9 8	0 6 8	0 16 0	0 11 8	0 8 0
Buda-Pest-Fiume—						
Old	3 1 10	2 6 8	1 11 0	—	—	—
New	0 13 4	0 9 8	0 6 8	0 16 0	0 11 8	0 8 0

The zones of Austria and Hungary differ somewhat from each other. It will therefore be more convenient to glance at them separately. In Hungary, where the system was first applied, the country is divided up into fourteen zones, but in Austria there are twenty-eight zones. The fares and distances in Hungary are as follows²—

¹ *Foreign Office Report Com. No. 11, 1891.*

² *Com. No. 11, 1891.*

Zone.	Distance in Miles.	EXPRESS TRAINS.			SLOW TRAINS.		
		First Class.	Second Class.	Third Class.	First Class.	Second Class.	Third Class.
1	1 to 15 ...	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
2	15 „ 25 ...	1 0	0 10	0 6	0 10	0 8	0 5
3	25 „ 34 ...	2 0	1 8	1 0	1 8	1 4	0 10
4	34 „ 44 ...	3 0	2 6	1 6	2 6	2 0	1 3
5	44 „ 53 ...	4 0	3 4	2 0	3 4	2 8	1 8
6	53 „ 63 ...	5 0	4 2	2 6	4 2	3 4	2 1
7	63 „ 72 ...	6 0	5 0	3 0	5 0	4 0	2 6
8	72 „ 81 ...	7 0	5 10	3 6	5 10	4 8	2 11
9	81 „ 91 ...	8 0	6 8	4 0	6 8	5 4	3 4
10	91 „ 100 ...	9 0	7 6	4 6	7 6	6 0	3 9
11	100 „ 109 ...	9 10	8 4	5 0	8 4	6 8	4 2
12	109 „ 125 ...	10 10	9 2	5 6	9 2	7 4	4 7
13	125 „ 140 ...	11 10	10 0	6 0	10 0	7 8	5 0
14	140 upwards	14 0	10 10	7 0	11 8	8 10	5 10
		16 0	11 8	8 0	13 4	9 8	6 8

But for short distances, or what is called “neighbouring traffic,” there is an important modification. In regard to this, two subsidiary zones exist, numbered 1 and 2, and the fares from any given spot to the next station are regulated by the special tariff applied to Subsidiary Zone 1, while the fares to the second station are regulated by the special tariff applied to Subsidiary Zone 2. The fares are as follows¹—

Subsidiary Zone.	First Class.	Second Class.	Third Class.
	d.	d.	d.
1	6	3	2
2	8	4½	3

The following are the fares and distances in Austria for its twenty-eight zones²—

¹ *Com. No. 11, 1891.*

² *Ibid.*

Zone.	Distance in Miles.	PASSENGER & MIXED TRAINS.			EXPRESS.		
		Third Class.	Second Class.	First Class.	Third Class.	Second Class.	First Class.
1	6 $\frac{1}{4}$	s. d. 2	s. d. 4	s. d. 6	s. d. 3	s. d. 6	s. d. 9
2	12 $\frac{3}{4}$	4	8	1 0	6	1 0	1 6
3	18 $\frac{3}{4}$	6	1 0	1 6	9	1 6	2 3
4	25	8	1 4	2 0	1 0	2 0	3 0
5	31 $\frac{1}{4}$	10	1 8	2 6	1 3	2 6	3 9
6	40 $\frac{1}{4}$	1 1	2 2	3 3	1 7 $\frac{1}{2}$	3 3	4 10 $\frac{1}{2}$
7	50	1 4	2 8	4 0	2 0	4 0	6 0
8	62 $\frac{1}{2}$	1 8	3 4	5 0	2 6	5 0	7 6
9	78	2 1	4 2	6 3	3 1 $\frac{1}{2}$	6 3	9 4 $\frac{1}{2}$
10	93 $\frac{3}{4}$	2 6	5 0	7 6	3 9	7 6	11 3
11	109 $\frac{1}{2}$	2 11	5 10	8 9	4 4 $\frac{1}{2}$	8 9	13 1 $\frac{1}{2}$
12	125	3 4	6 8	10 0	5 0	10 0	15 0
13	156 $\frac{1}{4}$	4 2	8 4	12 6	6 3	12 6	18 9
14	187 $\frac{1}{2}$	5 0	10 0	15 0	7 6	15 0	22 6
15	218 $\frac{3}{4}$	5 10	11 8	17 6	8 9	17 6	26 3
16	250	6 8	13 4	20 0	10 0	20 0	30 0
17	281 $\frac{1}{4}$	7 6	15 0	22 6	11 3	22 6	33 9
18	312 $\frac{3}{4}$	8 4	16 8	25 0	12 6	25 0	37 6
19	343 $\frac{3}{4}$	9 2	18 4	27 6	13 9	27 6	41 3
20	375	10 0	20 0	30 0	15 0	30 0	45 0
21	406 $\frac{1}{4}$	10 10	21 8	32 6	16 3	32 6	48 9
22	437 $\frac{1}{2}$	11 8	23 4	35 0	17 6	35 0	52 6
23	468 $\frac{3}{4}$	12 6	25 0	37 6	18 9	37 6	56 3
24	500	13 4	26 8	40 0	20 0	40 0	60 0
25	531 $\frac{1}{4}$	14 2	28 4	42 6	21 3	42 6	63 9
26	562 $\frac{1}{2}$	15 0	30 0	45 0	22 6	45 0	67 6
27	593 $\frac{3}{4}$	15 10	31 8	47 6	23 9	47 6	71 3
28	625	16 8	33 4	50 0	25 0	50 0	75 0

A comparison with a few typical English third-class fares will serve best to bring out the remarkable cheapness of the Austrian and Hungarian fares—

From	To	Distance.	FARES.		
			English.	Austria.	Hungary.
London	Richmond ...	9 $\frac{3}{4}$	s. d. 9	s. d. 6	s. d. 6
"	Gravesend ...	24	2 0	1 0	1 0
"	Brighton ...	51	4 2 $\frac{1}{2}$	2 6	2 6
"	Birmingham ...	113	9 5	5 0	6 0
"	York ...	188	15 8	7 6	8 0
"	Manchester ...	183 $\frac{1}{2}$	15 5 $\frac{1}{2}$	7 6	8 0
"	Edinburgh ...	400	32 8	16 3	8 0
"	Glasgow ...	401 $\frac{1}{2}$	33 0	16 3	8 0

Workmen and school-children are given special cheap tickets.

The Zone tariff was introduced upon the Hungarian railways on August 1st, 1889, and the following figures compare the number of passengers for the twelve months after its introduction with the twelve months immediately before ¹—

Months.	From August 1, 1889, to July 31, 1890.			From August 1, 1888, to July 31, 1889.
	Short Distances.	Long Distances.	Total.	
August	592,465	613,183	1,205,648	532,227
September	637,909	599,966	1,237,875	521,761
October	629,833	521,080	1,150,913	504,577
November	607,653	441,709	1,049,362	417,767
December	554,608	386,213	940,821	404,899
January	514,154	348,505	862,659	372,488
February	503,346	335,032	838,778	334,294
March	596,825	423,354	1,020,179	415,972
April	681,330	538,459	1,219,789	496,721
May	728,425	506,331	1,234,756	535,436
June	739,690	514,886	1,254,576	558,945
July	842,920	598,436	1,441,356	589,758
	7,629,158	5,827,154	13,456,712	5,684,845

"There was, therefore," says a Foreign Office Report, "in the first twelve months after the introduction of the Zone tariff, an increase in the number of passengers carried amounting to 7,771,867, or 136·7 per cent. over the number in the preceding twelve months. The total receipts for the twelve months from the 1st of August, 1889, to the 31st of July, 1890, from passengers and luggage, were £954,347, and for the preceding twelve months, viz., from the 1st of August, 1888, to the 31st of July, 1889, the receipts were £785,334, or an increase of £169,013 since the introduction of the Zone tariff. It is evident that the increase is maintaining itself, as the statistics from the 1st August to the 30th November, 1890, show an increase of 1,076,114 passengers carried and of £26,040 receipts over the corresponding four months in 1889. *The above figures sufficiently prove the financial success of the scheme.*"²

¹ Com. No. 11, 1891.

² *Ibid*:

The subsequent completed years, for which I have been able to procure reports, show the following increases—

Year.	No. of Passengers.
1890	22,890,071
1891	33,154,003
1892	38,325,151 ¹

Or a 600 per cent. increase in four years, as compared with 11 per cent. increase in the United Kingdom during the same period!

The Zone system was adopted in Austria in June 1890, and the following figures show the number of passengers carried the year before its introduction, and the years since—

Year.	No. of Passengers.
1889	42,582,726
1890	51,089,513
1891	68,818,513
1892	74,945,110
1893	77,846,049
1894	102,897,828 ²

That is to say, where two passengers travelled in 1889, five travelled in 1894. The effect on net receipts was beneficial, for whereas in 1888, the year before the Zone was introduced, the Hungarian railways were paying 3'48 per cent., in 1892 they were paying 3'62 per cent. And whereas on the Austrian lines the profits in 1889 were 4'01 per cent., in 1894 they were 4'08 per cent.

The official representatives of the British Government speak in quite enthusiastic terms about the success of the experiment. And so important is such testimony that there need be no apology for a lengthy extract from the report of Consul Faber to Lord Salisbury—

“Our much-vaunted ‘parliamentary’ sinks into insignificance in the face of such achievements as those of M. de Baross. When it is considered that you can travel from one end of the country to the other, not by a slow ‘parliamentary,’ but first-class and by express, at the rate of a penny and one-third a

¹ *Statistical Abstract*, 1896.

² *Ibid.*

mile, and third-class at one-half that price, and that even these low rates are further reduced by 15 or 20 per cent. by means of circular tickets; when it is further considered that this has been achieved without a decrease in the receipts, without the necessity of large investments for rolling-stock, and that the large increase of passengers has been carried without loss to the State, it is needless to affirm that M. de Baross has every reason to feel proud of the result. . . . M. de Baross has thus offered to his countrymen the stimulus of cheapness for travelling purposes in an unprecedented degree, in order by this means to overcome their aversion, and this has been effected, as it appears, with unparalleled success, such as is likely to induce other countries to follow suit, which they can the more readily do after having profited by the experience gained by Hungary, in what was to her a leap in the dark. Cheapness, such as is offered by excursion trains in England, will not bear comparison with the scheme of M. de Baross."¹

Is it practicable to apply the Zone system, with the foregoing scale of fares, in the United Kingdom? By this I mean, can a self-paying traffic be procured at the reduced fares? I certainly see no reason to the contrary. Mr. W. M. Acworth has endeavoured to show in one place that the Hungarian scale is impossible with us for certain reasons, which in another place he most adroitly refutes. Thus in discussing the Zone system in the *Nineteenth Century*, Sept. 1891, he says—

"It is, I believe, almost impossible to set bounds to the potential traffic between, say Liverpool and Manchester, or London and Brighton, if only the fares were low enough; *but no possible reduction of fares can develop to any great extent the traffic along country lines, for the simple reason that the people are not there to travel.*" But in the *Nineteenth Century* for December 1892, in an article on "Railway Mismanagement," he suggests the adoption of the Hungarian scale in Ireland, because it "seems to me to have many points in common with Hungary. *Both countries are poor, inhabited by a scattered and backwood agricultural population little used to travel,* a population, moreover, fond of horses and accustomed to make such journeys as they find necessary, anywhere at least within twenty miles of their homes, by the aid of their own or their neigh-

¹ C. 6205—114. 1891.

bour's car or cart. In Hungary a reduction of local fares from about a penny to a point which may possibly be put at something like a third of a penny per mile on an average, has resulted in a quite marvellous development of traffic. . . . The railways have certainly not lost, while the gain to the peasantry is undeniably enormous. *Similarly, I believe that a reduction of third-class fares in Ireland from a penny to a half-penny would have an immense effect on the prosperity of the country.*"

This is certainly a remarkable contradiction, for it seems to be beyond comprehension that a reduction in fares should be a useful thing in Ireland because of its scattered population, and a useless thing in rural England for the same reason. But without stopping to labour the point, let us take the substantial admissions of Mr. Acworth as an able opponent. He believes it is—

(1) Almost impossible to set bounds to the potential traffic between large towns, if the fares were low enough; and

(2) He thinks that the Hungarian scale could be successfully applied in Ireland (although he would guard against the risk of possible loss by means of a State guarantee).

The first admission, however, he tries to neutralize by declaring that the English lines and stations are already filled to overflowing, and "the effect of a reduction of fares would be to intensify the existing congestion of traffic." And the final conclusion to which Mr. Acworth comes upon the matter is the somewhat lame one, that "on the whole, the Railway Companies are probably wise to let sleeping dogs lie."¹ But the country cannot afford to do this. Again, the late Sir George Findlay, in discussing the passenger problem, declared that—

"As regards long-distance traffic, it is very doubtful whether the reduction of fares, or any other concessions, tend to materially increase the volume of business; as a rule people do not take long journeys unless they are called upon by actual necessity to do so, and in that case they will travel whatever the fare may be within reasonable limits. Of course this remark is not intended to apply, however, to the traffic between large towns and seaside and other holiday resorts, which all the Companies encourage by granting return tickets

¹ *Nineteenth Century*, Sept. 1891.

at low fares during the summer months, this being a case in which, by judicious concessions, a traffic is created which would not otherwise exist to anything like the same extent. . . . As regards increasing the passenger traffic greatly beyond its present volume, there is probably not much to be hoped for, the country being limited in extent and the possibilities of expansion being circumscribed by the amount of the population, although it will naturally always fluctuate with the prosperity of the country. . . . The only thing to be done in this direction is to follow out the policy which has already been adopted by most of the Companies, of granting low fares and season-ticket rates between all the large centres of population and places within a radius of about twenty miles, so as to build up a residential traffic by encouraging the people to live in the healthier suburbs instead of in the larger towns in which they pursue their avocations." ¹

Sir George Findlay doubts whether long-distance traffic can be materially increased by a reduction in fares. Belgian experience shows conclusively that it can. A few years ago public opinion demanded a reduction in fares that were already low. No alteration was made for short distances—that is, up to twenty-two miles. Provisional decreases were made in the intermediate stage between twenty-two and forty-nine miles, and large and definite reductions were made for longer distances. In the last stage the first-class fare was reduced from 1'24*d.* to 0'46*d.* per mile, or on a distance of 155 miles from 16*s.* to 6*s.* Second-class was reduced from 0'93*d.* to 0'32*d.* per mile, or from 12*s.* to 4*s.* 2*d.*, and the third-class from 0'62*d.* to 0'23*d.*, or from 8*s.* to 3*s.* The Belgian first-class fare became less than half our third-class, the second-class less than a third of our third-class, and the third-class less than a fourth of the English fare.

In the year after the reductions in Belgium, the increase of passengers in the zone where no change was made was 2 per cent., the increase where the provisional reduction was made was 20 per cent., and in the long distances where the large and definite reduction was made it was 92 per cent.² The passengers on the State railways rose from 43,032,882 in 1880, to 50,465,963

¹ *The Working and Management of an English Railway*, p. 320.

² C. Waring, p. 19.

in 1884—a larger proportionate increase by 3 per cent. than in the United Kingdom. In spite of Sir George Findlay's opinion to the contrary, there is no real reason to believe that we are anywhere near the final limits of our potential passenger traffic. It is true, as he says, that "as a rule people do not take long journeys unless they are called upon by actual necessity to do so." But this is largely because the fares are now prohibitive. In fact, it may be said that, except by "cheap-trip" trains, nearly the whole of the present third-class traffic is a traffic of necessity. If, in an admittedly non-travelling country like Hungary, travellers can be increased sixfold in four years by cheap fares, the passenger traffic in the United Kingdom can surely be multiplied to almost any extent. Mr. W. R. Bogle, an experienced Scotch railway authority, who has ably advocated the adoption of the Zone system here, declares that—

"Railway travel is now a matter of necessity, no greater distance is traversed than can be avoided, chiefly because of the high fares. But alter this, reduce fares to one-fourth or about one farthing a mile, and you will at once universally increase the traffic, take away from travel the question of cost, and admit of a free use of the railway by all classes of the community. We have now such a magnificent service of fast trains covering all parts of the country that it has become quite practicable, so far as time is concerned, to perform a railway journey, involving say two hundred miles or more in one day, leaving ample margin for either business or pleasure, but when it requires sixteen shillings and eightpence to pay for the cost of the railway tickets instead of four shillings, it will be at once seen that the trip, which would be undertaken without much consideration because of the distance and time involved, becomes a serious question financially and reduces the matter to one of actual necessity."¹

Nor is there any substantial ground for agreeing with Mr. Acworth's contention that in England the potentialities of a new passenger traffic only exist between one large town and another. There are infinite possibilities of developing a great traffic between the country and large towns. Take a single aspect of the matter. A third of London's population was

¹ *Tinsley's Magazine*, July 1891.

born in other parts of the United Kingdom.¹ Many it is true were born in the large towns, but many hundred thousands, if not the great majority, were born in places other than great towns. There are 50,000 Scotchmen, 80,000 Irishmen, 25,000 Welshmen, 60,000 Devonians, and 33,000 Gloucestershire men in London, the great bulk of whom are certainly from the country districts.² And in going through Mr. Charles Booth's monumental work on London's *Life and Labour of the People*, one is struck with the greater ratio of immigrants from the rural in contradistinction to the industrial counties. Now with the Britisher's love of home, and particularly with the Celtic clan-nishness, it is perfectly safe to assume, that in this huge country population there must be the potentialities of a frequent traffic, if the fares were only sufficiently low. It is quite certain that thousands of London residents are deterred from often visiting the homes of their childhood by no other than purely financial considerations; and the same thing applies to every large town in the United Kingdom, where there are great numbers of "countrymen."

The excursion traffic is the best paying of all passenger traffic in the country, for it almost invariably means full train-loads. And the merest shred of an excuse is sufficient to attract passengers, if the fare is only reasonably low. A football or cricket match of second-rate importance, a Lord Mayor's show, or the sight of Royal wedding or Jubilee decorations a couple or three days before the ceremony, all sufficient to bring overloaded excursion trains into London from all parts of the country. It is at once retorted that occasionally, for special excursion trains, it might be possible to reduce fares to a very low level, but that to reduce them all round to such a low level would not be possible. This is, perhaps, true, but between the ordinary fare and the excursion fare, and probably nearer the latter than the former, there is the ideal fare which will secure the maximum of traffic. But we are not likely to find it, for the reason given by Mr. Acworth, that private Companies cannot afford to experiment for it. And similarly, though the Zone is an excellent system in itself, we are not

¹ This applies to Inner London only, the proportion of country-born people in the outer suburbs being still greater.

² Appendix, vol. ii. *Life and Labour of the People*.

likely to get its adoption under private ownership ; because, to again quote Mr. Ackworth, "it needs no argument to show that such an arrangement as this is impossible in Great Britain, with its numerous independent Railway Companies interchanging traffic with one another at different points."¹ All of which shows that Mr. Gladstone was perfectly right fifty years ago, when, in introducing his State Purchase Act, he declared that "there is no likelihood that the great experiment of the greatest possible cheapness to the public will be tried under the present system."²

¹ *Nineteenth Century*, Sept. 1891.

² The foregoing was written eight years ago, and ample demonstration of the advantage of the zone system and low fares has been supplied by the "Tuppenny Tube" in London, and by some of those who have followed in its footsteps.

CHAPTER XVI

SOME OBJECTIONS TO STATE-OWNERSHIP CONSIDERED

THE three chief objections by the spokesmen of the present system against the State acquiring the railways are—

1. A probability of a general strike of railway men.
2. The service will be inefficient.
3. It will place a large amount of additional patronage in the hands of the Government which will give rise to political corruption.

To prove the negative of these assertions is, of course, logically impossible, but by discussion we can see how far they are reasonably justified. The late Sir George Findlay laid special emphasis upon them in his able work on the *Working and Management of an English Railway*. With regard to the labour troubles, he said—"The Government would become the direct employers of a vast army of men of all classes, from labourers to highly-trained artisans, clerks and officials; they must come in contact with trades unions, face the question of employer's liability, and all the other difficult labour questions which from time to time agitate the industrial community, and at times they would even have to deal with strikes. In all matters of this kind, they, as a Government, would occupy a very invidious position as compared with the Railway Companies, who are merely mercantile bodies dealing with labour as a marketable commodity, under the ordinary laws of supply and demand."¹

The Hon. G. C. Brodrick has put this alleged danger in even a stronger light. He asks—"If all the railways became

¹ p. 293.

State property, would there be no danger of a general strike on the part of all the railway men in the kingdom for better pay or shorter hours? and might not a strike on so vast a scale against the Government of the country grow into something very like civil war?"¹

In the first place, it will be well to correct Sir George Findlay's statement that the present railways are "merely mercantile bodies." They are nothing of the kind. They are monopolies issuing from the State, protected by the State, regulated by the State, and expressly withdrawable under the Act of 1844, whensoever the State decides. So that for the State to have to deal direct with railway labour, is only to do itself what in a way it has hitherto done by proxy. And surely there is nothing invidious in that! In the next place, let us suppose that a general strike of railway men should take place under the State, what greater danger is there in that than if the same thing happened under the existing system. The dislocation and inconvenience and economic effects would be no greater than under the existing order of things. Nor would the risks of political corruption in this connection be any more dangerous than exist to-day, as I hope to show later on. But why anticipate such a conflict? Great strikes are not mere accidental outbursts of emotionalism. They usually have their foundation in reason, and are as a rule deliberate protests against very genuine grievances. And so elaborate is the trade-union machinery which has to be put into operation ere a strike can be declared, that nothing in the nature of a large dispute is likely to be undertaken without the most calm discussion and profoundest sense of responsibility, unless indeed a gross case of injustice is inflicted, when a more rapid movement may be undertaken. But even then, as was shown a few months ago, in the case of the victimization of the seventy North-Western men, the men's Society moved so deliberately, that the Board of Trade had time to step in and secure the reinstatement of the men before anything more untoward had happened. A review of the serious railway disputes during the last ten years will fully bear out this statement. After the debate in the House of Commons on Mr. Channing's motion (quoted on p. 107), the report of the Hours of Railway Servants

¹ *National Railways*, p. 372.

Committee, the passing of the Act to regulate the hours, and the reading of Professor Mavor's book,¹ no one will attempt to say that the Scotch railway men were not fully justified in their prolonged dispute in 1891. - And the same holds with the Taff Vale strike in 1892. Let the hours of railway labour be reduced, and wages increased to only the average of other employments requiring the same amount of skill, and the probabilities of strikes will be reduced to zero. Let us go a little further however, and by the pressure of the Social Conscience, get the Government up to Sir H. Campbell-Bannerman's ideal of being "in the first flight of employers," and all the much-maligned professional agitators, from the Archbishop of Canterbury to Mr. Edward Harford, would not drag the State railway men out on strike, even if they were animated by so unlikely a desire. Even at present, with the Government in the lowest flight of employers, the rarity of strikes among their workers is almost startling. Thanks to the industry of my wife, I possess practically a complete record of all British labour disputes for the last nine years, indexed to date. A careful perusal shows that while during that period strikes have taken place in practically every industry and occupation under private enterprise, from the singing in choirs down to the manufacture of sausages; with the exception of the postmen's and policemen's strike, and one or two trivial disputes with sections of skilled dockyard men, the Government service has been free from labour dislocations. Even doctors, lawyers, organists, and school-masters have "gone out" on strike, while Government victualling yardmen on seventeen shillings a week have refrained from using that weapon of amelioration. Indeed, if there is any fear, it is not that the State railway men will want to strike, but that they will remain too passively indifferent to their well-being.

With regard to the alleged inefficiency of railways under the State, Mr. S. Laing proves it to his own satisfaction by an interesting little anecdote of a single case of several months' delay upon a French State railway. This is how the Chairman of the Brighton and South Coast Company puts it²—

"To show what the working of a State railway means in

¹ *The Scottish Railway Strike.*

² *Fortnightly Review*, April 1886.

practice, I may give an amusing illustration from what actually occurred in France." Then follows his little story and this profound deduction—"The country would never tolerate the inevitable rigidity, circumlocution, and delay of State management, or of an inflexible tariff; and practically there is no alternative but to leave the responsibility and discretion of managing railways to directors and their officers, trusting either to competition or control for protection against abuses."

What would Mr. Laing say if advocates of State-ownership adopted the same line of reasoning? This would be somewhat the style—"A hen laid twelve eggs and hatched a brood of chickens while in transit from Brighton to London. A bonnet went out of fashion during conveyance from London to Dover. A school-boy bids good-bye to his parents at Gravesend, but upon arrival at London Bridge he has become a young man. *Ergo*, the country will never tolerate the delays, etc., of private management," etc. Or take an actual case that happened the last week in April of this year, when a Stratford merchant recovered damages at the Bow County Court from the Great Northern, for the loss of vegetables which had grown too stale for food while on a journey of only seventy miles from Huntingdon to London. If any one attempted to argue from that that the Great Northern were hopelessly inefficient, he would be rightly regarded as unfair, not to say ridiculous. Yet it is by a single isolated story of delay that Mr. Laing attempts "to show what a State railway means in practice." Sir George Findlay, however, is much more serious. He asserts that under State-ownership "trade would suffer from the absence of the efforts now put forth by the different Railway Companies, by granting low rates, constructing branch-lines, and by other facilities, to develop the competition of markets, and to open up new districts."¹ And again—"All experience of the working and of the scale of expenditure of Government departments, is strongly opposed to the belief that so vast and difficult an undertaking as the administration of the railways of the country should be carried on economically and upon sound commercial principles by a department of State. Complaints would be innumerable, and the House

¹ *Working and Management of an English Railway*, p. 293.

of Commons, already overburdened with matters of detail, would, by the multitude of questions to be asked and answered, find its labour so much increased that the business of the country would be seriously interfered with. The traders, who have now the advantage of free access to the officials engaged in the management of the railways—men trained to understand their business and their needs, and willing and anxious to meet their views and assist their operations—would find themselves confronted by the attitude of a Government official bound inflexibly by hard and fast rules, with no personal discretion, and with, above all, a great disinclination to incur any responsibility.”¹

Everybody will admire Sir George Findlay's magnificent courage in claiming for the Companies the virtue of charging low rates with the altruistic object of developing the competition of markets, even though they may deny the wisdom of permitting the managers to exercise so risky a prerogative as to vary their rates to regulate competition—not between themselves, but between their customers. Nor will many people admit that the rates are low except upon foreign merchandise. But I have dealt elsewhere with this point, and with the question of the relative economy of private and State management. It is only with the alleged inefficiency that I now desire to deal. Sir George Findlay says that the business of the country would be interfered with because of the multitude of questions on detail to be put and answered in the House of Commons. No one proposes to trouble the House of Commons with details of administration, any more than it is troubled with the details of the Post-Office or the Education Department to-day. Then, says the late Manager of the North-Western, the traders instead of being able to go to a body of officials “trained to understand their business and their needs, and willing and anxious to meet their views and assist their operations, will find themselves confronted by the attitude of a Government official bound inflexibly,” etc. There is no reason to expect any such vivid contrast as is here pictured. Well-trained officials the Railway Companies certainly possess, who are willing and anxious to meet the traders' views. But they are quite unable to do so, in the grand essential

¹ *Working and Management of an English Railway*, p. 294.

matter of rates, because of the rigid combinations of Companies. The sweeping reductions of rates, however, that can be secured by the State will almost universally do this. If by "personal discretion" is meant the power to discriminate between districts and traders, it is not only not a drawback to deprive officials of it, but a consummation devoutly to be wished. Personal discretion under the present system has meant preferential treatment, and favouritism and secret rebates, in spite of express laws to the contrary. To end this will be one of the chief gains of State-acquisition.

But as to "the well-trained officials who understand the traders' wants," these are as easily procurable by the State as by the Companies. Nobody proposes to man the State railway department with a lot of academic amateurs, or political hangers-on. Nobody proposes to do other than run it with the most experienced body of trained railway officials. And for this purpose, the whole of the present staff, from general managers down to greasers and wheel-tappers, are as available for the State as they are for any or all the Companies. Upon this point let us adduce the unimpeachable testimony of Sir H. W. Tyler, the ex-chief of railway inspectors. He said a few years ago—"All the organization and machinery are already provided, even if it had all to be taken over at once, for working it. Further, this organization, complicated as it may be, and widespread as are its ramifications, is kept in working order by constant duty; and it is just as available for work under the State as it is for work under boards of directors. The different railway systems have their general managers, their traffic superintendents, their locomotive superintendents, and their engineers; and these have their departments, with men, machinery, and plant in active operation. The officials would, further, have more time and attention to devote to their duties, and better means of performing them, if they were all working under one general management, and for one common object—whether a joint-stock association or the State—than under the present system. Parliamentary railway contests would cease, lawsuits between Railway Companies would be no more. Traffic would not be forced in wrong directions. Facilities would be increased. Through rates and fares at lower figures would prevail. There would be no

clashing arrangements between rival Companies at junction stations. Managers would cease to outmanœuvre one another, and would devote themselves each to the improvement of his own district; and a rivalry of efficiency would thus take the place of perversity or hostility in working."¹

Nor must the vital factor of publicity be left out of account. Anomalies that are now only possible in the dark and devious paths of secrecy, subjected to the light that is shed upon Public Departments, would vanish. Publicity has kept our Post-Office efficient, and free from the taint of jobbery and corruption.

Said the Secretary of the Post-Office, at a meeting in Edinburgh—"If the efficiency of the Post-Office resulted from the special talent or the special energy of any particular set of men, the Post-Office might decay when those men had passed away. The great establishment of which he was speaking was rendered efficient because it was worked under the eye of the public, its master; because it was brought face to face with the master, not merely from day to day, but from hour to hour; because it did work that was absolutely necessary to its master—which when well done was of the highest possible advantage, and which if ill done was utterly intolerable. It (the efficiency) resulted simply from the pressure which was put upon that branch of the Civil service by the public. A dilatory letter-carrier, or a postmaster who could not cash a money order, or a telegraph clerk who made blunders, brought down a terrific complaint from the offended person."

And continuing, the Secretary said—"If at any time the Government should take upon itself the acquisition of the railways, somewhat similar results would follow . . . But if ever the Government should acquire the railways and establish a department for their management, depend upon it that the public would keep that department in order; and that being brought face to face with it, depending upon its well-doing for their convenience, and having to look to it for their security, they would take care to see, through the Press and Parliament, that the officers of that department were thoroughly efficient, zealous, and up to the work."²

¹ *Journal of Statistical Society*, 1873.

² *Ibid.* p. 217.

The assertion that the State-acquisition of railways will give rise to political corruption is serious, because, without the least attempt to establish its accuracy from evidence, it vividly appeals, like several other well-worn phrases, to the prejudice many people possess against extending the sphere of the State. But before attempting to meet it, it will be well to see whether the present system is free from grave political abuses, or from practices that verge closely upon corruption.

The financial jobbery incident to the mid-century railway promotions, stands out as one of the blackest spots in modern English history. Notorious swindlers exploited the credulity of the public to amass great fortunes out of perfectly bogus schemes. Mr. Herbert Spencer has probably written no stronger attack upon any abuse, than his scathing indictment of this phase of railway history.¹ And it is a common fact that the opposition of the House of Lords to the London and Birmingham Railway was bought off by the promoters, who bribed several prominent inmates of the gilded chamber. Thus an hostile vote was reversed within a few days.² It is true that several of the most glaring of these promotion abuses have passed away, and with the growth of the railway construction, opportunities for their practice on a large scale have also been removed, but many still prevail.

The following somewhat lengthy extract from the Chairman of the Brighton and South Coast Railway Company throws a good deal of light upon the peculiar ways of the promoter—

“And the unpopularity of Railway Companies, as being uncontrolled monopolies, is such that it is impossible after forty years’ experience to predict what is likely to be the result, before Parliamentary Committees, of any measure brought forward as an attack on existing Companies. The existence of this feeling, and the utter uncertainty of contests before Parliamentary Committees, afford a basis of which professional financiers, solicitors, engineers, and contractors are always eager to avail themselves for getting up competing lines to bring grist to their mill. The real history of most of the expenditure of £5,000,000 by Railway Companies (see Chap. III.), and perhaps as much more by promoters, in Parliamentary

¹ *Railway Morals and Railway Policy.*

² *Our Iron Roads*, by F. S. Williams.

contests, is this—Certain shrewd professional gentlemen cast about to see where local agitation against a Railway Company exists or can be got up, or when rival Companies may be played off against each other. They subscribe a certain sum to pay the expenses of surveyors and a Parliamentary contest, on the speculation that, if they get their Act, they will get their money back many times over, either by inducing the public to subscribe the requisite capital, or by getting the Company assailed, or some of its rivals, to take them over. Parliament assists this speculation by making the deposit on application for a Bill quite illusory. It is almost invariably found by borrowing consols from a Bank with an undertaking from the solicitors not to take the final stage of the Bill unless the deposit has been replaced or satisfactory security given for it. Thus it may and not infrequently does happen, that, after Committees of both Houses have spent weeks of valuable time in listening to counsel and witnesses, their labours are made nugatory by the withdrawal of the Bill at its final stage of third reading. In fact, what the promoters buy for cash out of pocket required for a contest is what, in the language of the Stock Exchange, is called an 'option,' to be exercised or not according to their calculation of the chances of getting back their deposit and expenses if they take their Act. And if they exercise their option and go on, the result, as I have already shown, is almost necessarily bad for the public. The fear of competition, which is a real protection, is gone, for, like the potential energy of a weight which has run down, it has done its work and is exhausted, and nothing remains but the certainty of combination, with a closer monopoly than ever, two capitals to pay instead of one, and two poor Companies instead of one prosperous one. It is to avoid these evils that I consider a control of railways in the public interest to be essential. But it must be thorough and effective, and of such a nature as to satisfy all legitimate wants, and command the respect of the interests affected."¹

Nor must the way in which the railways use their huge voting power in Parliament be forgotten. Addressing a half-yearly meeting of shareholders in 1880, the Chairman of the London and North-Western Railway said—"As they were

¹ *Fortnightly Review*, April 1886.

aware, Government and Parliament to railway people meant ill-treatment and oppression. They did not look for any good from them. On the contrary, every year they had rather increased the burdens of Railway Companies. The railway interest had hitherto borne the treatment, and been content with the British grumbler, but sooner or later they would all have to combine, and when they did, no matter what Government was in power, the interests of the share and debenture holders and people who were depending for their living on railway working, were so powerful that no Government could afford to say they would not attend to them."¹ This threat was certainly no idle exaggeration, for at the time the Railway Companies had no less than one hundred and fifty-eight salaried servants in Parliament. Of these, fifty-one were members of the House of Lords and one hundred and seven members of the House of Commons. Nor were the lawyers, architects, contractors, and surveyors, generally dependent upon railways for their living, included in the list of one hundred and fifty-eight.² It merely embraced the salaried directors. And in the last Parliament there were one hundred and forty railway directors in the two Houses. Addressing a meeting of traders, the President of the Board of Trade declared in 1893 that the railway interest in Parliament was so powerful that it was impossible for him, even in his official capacity, to do anything unless the traders and farmers of the country were solidly united at his back.

To illustrate the ways in which this Parliamentary power is used, one or two examples will suffice. After the overwhelming evidence against the Companies given before the Select Committee on Rates in 1881-2, their representatives upon the Committee felt that a whitewashing process was necessary. Thereupon one of their number moved this clause into the report—"That on the whole of the evidence they (the Committee) acquit the Companies of any grave dereliction of their duty to the public." Ten members voted for, and nine against the motion, and *out of the ten, seven were railway directors*!³

¹ *Railway Rates and Radical Rule*, p. 280.

² *Ibid.*

³ *Ibid.* p. 51.

And this extract from a speech of the Chairman of the Hull and Barnsley Railway Company speaks for itself—"I did think, after the fight had been lost and won, that there was a reasonable prospect that we might have lived in amity with the North-Eastern, but the North-Eastern turned up in the House of Commons in the shape of their Chairman, and after making a very acrimonious speech, in which he charged us with everything short of actual dishonesty—indeed I am not quite sure whether he did not charge us with that—sheltered under the privilege of Parliament, he succeeded in throwing out the Bill. . . . The motion was seconded by Mr. Cropper, Director of the Midland Railway Company; and I may tell you that the Manager of the Great Northern told me he had from these railway directors in the House of Commons, who were interested in such matters, no fewer than one hundred and thirty-six promises to vote against us."

Upon which he proceeds—

"Of course that shows what the power of the railway directors is in the House. Well, I am a railway director myself, and I am in the House of Commons myself. If it is on any future occasion proposed that the votes of railway directors, or even shareholders, should not be allowed in the House of Commons on matters in which they have a distinct interest, I for one, railway director as I am, shall vote in favour of the proposition."¹

This extract from Sir Edwin Chadwick² will also explain the adverse decision of the Devonshire Commission in 1867 upon the question of putting Mr. Gladstone's Act into operation.—"I confess that I was somewhat surprised at its (the Commission) composition, in which the mistake appears to have been made, in assuming that the interests of railway directors and others who have profited largely by the existing system, *and who constitute the majority of the members of the Commission*, were identical with the interests of the ordinary shareholders, who, as a class, have lost or been ruined by their management. If I had made a fortune by the system in question, or belonged to a house which had received large sums on account of it, or had derived greatly augmented values of land from it—if I

¹ *Railway Rates and Radical Rule*, p. 51.

² 1867. *Report Social Science Association*, p. 594.

owed my public position to it . . . I should have felt that my proper position would be that of a witness, or of an advocate, rather than of a judge upon the system. Immediately the composition of the Commission generally was seen, the directorates and private enterprisers were at their ease upon it, and their confidence was early confirmed by the course of its investigations. . . . Out of a committee of twenty-seven members (if one excepts the votes of those gentlemen who were on their trial) only three are responsible for the decision."

Such voting of interested parties would certainly appear to be against the spirit of Parliamentary usage, if indeed it is not against the actual letter of the law, which lays it down that no Member of Parliament shall vote upon a question in which he has a direct pecuniary interest.¹

During the historic discussion upon the State Purchase of Railways, before the Royal Statistical Society in 1873, Mr. D. Chadwick, M.P., said he objected to the proceedings of railway directors who used their immense influence in Parliament to obtain legislative enactments to restrict the amount of damages for loss of life caused by their negligence.² Mr. Hamilton said he could not conceive that any amount of Government jobbery would equal the jobbery which had taken place in connection with railways.³

How some of the Companies have dealt with men holding "undesirable" opinions and with witnesses before Committees, we have seen in our chapter on the condition of the railway workers; and how they have dealt with clients seeking to prevent overcharges, we have seen in our chapter on the hopelessness of the present system. Says Mr. Waring—"It may reasonably be doubted whether railway property, conferring the power involved in its possessions, backed by a compact phalanx of peers and M.P.-partners in the estate, and influencing legislation in its support, can consistently with the interest of the people be much longer left in the sole control of the Companies."⁴

With this condition of things clearly in our minds, we may

¹ *Erskine May's Parliamentary Practice*, p. 354 (5th edition).

² *Journal Statistical Society*, 1873.

³ *Ibid.*

⁴ *State Purchase of Railways*, p. 134.

reasonably turn to the other side and ask whether political abuse and corruption is likely to be anything like so virulent or so dangerous with the railways under the State?

Sir George Findlay says—"The Government would be invested with a large amount of patronage, not only in the appointment and promotion of the staff, but in the placing of contracts for coal and iron and other materials, in granting railway facilities, and in many other ways, and they would always be open to the accusation of making use of this patronage for political purposes."¹ Let us take these points in order. First then as to the danger of political influence from those dependent upon the railway service. The acquisition by the State would at once get rid of the one hundred and forty Director-Members of Parliament as definite railway-interest men. They might still continue to sit in Parliament, but it would not be as the definite representatives of an interest opposed to that of the public. Then, in the second place, such acquisition would get rid of half-a-million shareholders, the majority of whom are voters, as a potential single interest in opposition to that of the community. This would leave the half-million railway workers, of all ages and grades. Of these only about 100,000 enjoy the franchise, and as they are distributed throughout the whole of the 670 separate constituencies, their influence to affect legislation in a single self-interested direction would be very small indeed. Even in the half-score constituencies where their vote predominates, experience goes to show that their opinions are so divided, and their sympathies so diverse, that coalition for a single sordid object is not only not probable but scarcely practicable. The dangers in this direction are in fact very small indeed, and side by side with the removal of the dangerous director- and shareholder-interest as a political power, hardly worth serious thought.

Then with regard to the alleged danger of Governments corruptly developing a system of patronage to pitchfork their needy partisans into comfortable railway positions, this is certainly more imaginary than real.

Mr. J. S. Jeans says—"It has been suggested by many that the patronage that the Government of the day would possess, if they had the railways in their own hands, would be so great

¹ *Working and Management of an English Railway*, p. 293.

as to be a serious political consideration. This must cause alarm, either from the fear of the political influence to be exercised by an employer over his workmen, or of the nepotism to be exercised by putting worthless men into situations for which they are unfit. From the first of these the ballot is a more than sufficient protection; the fear of the latter danger is imaginary. In the first place, the magnitude of the service would make it altogether a special one, in which no one would be admitted who had not served a regular apprenticeship, as in the Army or Navy, beginning with the lowest grade at an early age and gradually working upwards. The Civil Service is not usually considered to be so lucrative as to be very attractive to indigent men, and if the question of social status were ignored, the traditions of the railways would expect such hard work as to hold out no inducement to men unfit for the post to covet the position of traffic-managers or station-masters. On the whole then, it may be assumed that there is no political danger to be apprehended from this source."¹

The abuse of patronage is after all, as Mr. Waring says, now comparatively a thing of the past, more especially as regards the higher appointments in the gift of the State. If any one doubts it let him try, for himself, for his son, for any relation, to obtain any appointment worth having in the public service. Great must be the influence, indeed, which can force the defences of the Civil Service Commissioners or those of the examiners for the Naval and Military Service. They are strengthening their outworks and enlarging their fortress continually; and if the Railway Service ever is administered by the State, they will no doubt look upon it as "fresh fields and pastures new" for their operations. But independently of their interference in robbing patronage of its charms, there are other considerations which make railway appointments no sinecure. Among the great mass of railway employ  s the work is hard and the pay light. The responsibilities and risk are not inconsiderable. They must begin in the lowest positions as porters, clerks, booking-clerks in the traffic departments; as labourers, platelayers, fitters, pupils, and apprentices in the engineering departments; and they can only rise to the higher positions gradually, and for the most part after ample experi-

¹ *Railway Problems*, p. 191.

ence as they show themselves fitted for their work. That work has to be performed, much of it under the eye of the public, whether with Company management or with State management, and those who fail to perform it properly are soon found out.

In a word then, all the objections against State-ownership are, under our system of Government, more fanciful than real, and the dangers that are anticipated in that direction are in reality much greater under the present system.

CHAPTER XVII

THE FINANCIAL ASPECTS

BEFORE discussing the terms upon which the State will acquire the railways, it is exceedingly important to emphasize the fact that there will be no need to raise a single halfpenny of the purchase-money by taxation. The process will be essentially one of simple conversion. Assuming that Parliament decide that the Government shall acquire the railways for the people, then upon a given day a State scrip will be substituted for the present railway share-certificate. If shareholders desire to realize in cash, all they will have to do will be to sell the Government scrip as they sell Consols to-day. So that the taxpayer need feel no alarm at the financial magnitude of the undertaking.

The terms of State-acquisition are broadly fixed by the Act of 1844.¹ This declares that the price payable to the Companies, if Parliament decide to take over the railways, shall be twenty-five years' purchase of the "annual divisible profits estimated on the average of the three then next preceding years." This, however, is subject to one or two important provisos. Among these is one to the effect that "if the average rate of profits for the said three years shall be less than the rate of ten pounds in the hundred, it shall be lawful for the Company, if they shall be of opinion that the said rate of twenty-five years' purchase of the said average profits is an inadequate rate of purchase of such railway, reference being had to the prospects thereof, to require that it shall be left to arbitration in case of difference, to determine what, if any, additional amount of purchase-money shall be paid to the said

¹ Clause II.

Company." A second proviso exempts from the rights of compulsory acquisition the lines constructed prior to 1844; a third provides that this Act shall not be put into operation without the express sanction of Parliament; and a fourth requires the Companies to present exhaustive analyses of accounts for the purpose of arriving at an exact basis for arranging the terms of acquisition.

What will twenty-five years' purchase mean upon the basis of the Board of Trade Railway Returns for the three years ending 1905, which are the latest official figures available? In those years the profits upon the paying lines varied from $\frac{1}{4}$ per cent. to 10 per cent., and amounted to an average yearly sum of £42,817,985.¹ In addition to this there was £90,000,000 capital invested in lines in 1905 that did not pay anything. If we allow upon this 2 per cent. we shall have a further annual sum of £1,800,000. Thus—

Divisible Profits (Net Receipts on Paying Lines)			
1903	...	...	£42,326,859
1904	...	...	£42,660,741
1905	...	...	£43,466,356
Average for three years			= £42,817,985
Proposed allowance on Non-Paying Lines with capital in 1905 of £90,000,000, at 2 per cent.			= £1,800,000
			£44,617,985
Which at 25 years' purchase			... = £1,115,449,625
In 1905 the paid-up ² Capital on the Railways amounted to £1,282,801,000			
"Less ³ amount included in above representing nominal additions on the consolidations, conversion and division of stocks			
...	...	...	£194,341,000 = £1,088,460,000
			£26,989,625

So that in receiving twenty-five years' purchase, the shareholders would get £26,989,625 more than the actual paid-up capital value of the railways.

¹ *Railway Returns for 1905.* C. 3106.

² & ³ I have quoted the exact words used in the *Board of Trade Report on Share and Loan Capital, Traffic and Working Expenditure for 1895.* C. 8208.

It is possible, and perhaps probable, that under the Arbitration Clause this sum may be substantially increased. The right of the arbitrator to award more than twenty-five years' purchase is expressly conditioned by "*reference being had to the prospects*" of the railways. The prospects, however, will have to be largely determined by the tendency of recent years, and this is to a diminution in the net earning capacity of the railways. Taking intervals of five years since 1860, the percentage of net profits on capital and the working expenditure of gross income have varied as follows ¹—

			Average Net Profit.		Percentage of Working Expenses.
1860	...	...	4'19	...	47
1865	...	...	4'11	...	48
1870	...	...	4'41	...	48
1875	...	...	4'45	...	54
1880	...	...	4'38	...	51
1885	...	...	4'02	...	53
1890	...	...	4'10	...	54
1895	...	...	3'80	...	56
1900	...	...	3'41	...	62
1905	...	...	3'39	...	62

So far, therefore, as the prospects of the railways are indicated by present tendencies, there can be no reasonable ground for an arbitrator awarding much more than the very handsome statutory allowance of twenty-five years' purchase. The late Sir George Findlay made an extraordinary suggestion. This was nothing less than that the Government should compensate the shareholders for the prospective increase in value which would be given in view of the Government acquisition! That A should compensate B for the prospective privilege of making better use of B's property when purchased than B has been able to do, is certainly as amusing as it is amazing. These are his own words—"We believe that if the principle of State-purchase were decided upon, it would ultimately have to be carried out somewhat in the following manner—As regards the lines that are now earning a profit, Government should guarantee a rate of dividend, which might be taken at the average of, say, three years preceding the purchase, and this

¹ *Railway Returns for 1905.* C. 3106, p. 23.

would certainly not be putting too high an estimate on their prospective value, which would have a tendency to increase in view of the Government guarantee.¹ But this, however, is not likely to be seriously entertained.

It has been further suggested that the basis of purchase should be the "market price" of the shares. But this proposal has probably been made in ignorance of Mr. Gladstone's Act of 1844, which so clearly defines the terms of acquisition. Apart however from this specific bargain, which is binding between the Companies and the nation, the "market price" is an impossible basis. It is as ephemeral as a rainbow, as fluid as the air. Variations in the weather, or a shaking of the political kaleidoscope, or any other chance circumstances, materially affect the "market price." At the moment the agitation for State-ownership took definite form, the ever-watchful Stock-Exchange operators would go to work, and up would go the market price by leaps and bounds.² So that while the country will loyally abide by their agreement with the railways, who secure handsome conditions under the measure of 1844, they are not likely, with their eyes open, to deliberately allow themselves to be overreached by the *habitués* of the Stock Exchange. The investing shareholder will be justly treated, and so will the mere speculator.

The length of lines that were exempted from compulsory purchase by the Act of 1844, as having been constructed prior to that date, amounts to 2,320 miles, out of a total railway mileage of 21,174.³ But as they have practically all been absorbed by amalgamation since, and as amalgamation schemes have been under special Railway Acts, every one of which has been made subject to the general Act of 1844, it is doubtful whether even these early lines are not subject to the compulsory purchase clause, as well as to other portions of that Act. There is certainly strong reason for believing that they would be, for while they were also expressly exempted from the powers of compulsory revision of rates under that Act, they have since been brought under them, chiefly by their Acts of amalgama-

¹ *Working and Management of an English Railway*, p. 290.

² At the time of writing the estimated market value of the railways is £

³ See Appendix B.

tion. This point however is a purely legal one, and when the time comes will have to be decided by the proper tribunals.

And how will the State come out of the bargain fixed for them in 1844?

It is practically certain that the State Railway Stock will be gladly taken up at $2\frac{1}{2}$ per cent. as a maximum. This will leave a margin of nearly $1\frac{1}{2}$ per cent. on the transaction. But then there are the savings to be derived from the present streams of waste, which, taking the lowest of the authoritative estimates given in Chapter III., of 20 per cent. on the working expenditure (£70,000,000 in 1905), will give us £14,000,000. Thus—

The present profits (1905)	...	...	=	£43,466,356
Saving by unity of management	...	...	=	£14,000,000
				<u>£57,466,356</u>
Less annual interest of $2\frac{1}{2}$ % on Govern- ment Railway Stock of £1,115,449,625			=	£27,886,240
Total annual net profit			=	<u>£29,580,116</u>

What can be done with this net profit? In the first place, goods rates and passenger fares ought to be at once reduced. These reductions will pay for themselves, of course, very shortly, by an increased traffic. But immediately, and for the first and possibly the second year, provision will have to be made for possible decreases in net receipts. The conditions of railway employment ought also to be greatly improved, and sweeping reductions in the hours of labour ought to be made, while a sinking fund may be established for securing redemption of purchase. Thus—

Net profits after paying interest	...	...	...	£29,580,116
Less 20 % reduction in goods rates of £56,411,000	}	=	£11,280,200	
„ 20 % reduction in pas- senger fares of £48,720,000				
Reduced hours and improved wages	}	=	£4,500,000	
Still leaving to provide for a sinking fund, if deemed advisable, and exceptional contingencies				
				<u>£25,524,200</u>
				£4,055,916

The recoupment from increased traffic could be used for still further reducing rates and fares, and augmenting the sinking fund to facilitate redemption of purchase, remembering always, however, that the lower the rates and fares are reduced to a certain point, the greater the traffic, and the better for the nation.

CHAPTER XVIII

CONCLUSION

AT the risk of some repetition, it is necessary to briefly summarize the preceding pages, before passing to final conclusions. Chapters II. to XII. are occupied with an indictment of the present system, and from them we have seen how the wastes and leakages of several hundred managements act as a perfectly needless tax upon the trading and travelling public. We have seen that, except in the limited sphere of passenger accommodation, competition between the Companies has disappeared. From the individual line it has disappeared through the Railway Companies becoming themselves the carriers, the collecting and delivery agents. Between alternative routes competition has been strangled by means of amalgamations, subsidies, pools, and rate conferences. And even the once effective competition of the canals has been very largely annihilated through the absorption of carefully selected navigations by the Railway Companies. With this general disappearance of competition the Railway Companies have become for all practical purposes a monopoly. The Companies rigidly keep up rates and fares, nor can one Company reduce without the consent of the others. The result is that our rates and charges are the highest in the world. And this is not the worst. Pursuing their specious doctrine of charging what the traffic will bear, they convey foreign produce and merchandise over their lines at much less than they do those of the home producer and manufacturer, to the ruin of individuals, the serious hurt of some trades and districts, and the grave danger of the highest national interests. We have seen how costly is the whole passenger service and how deficient and inconvenient is the service upon many lines. We have seen too how

grossly inadequate is the workmen's train service, and how gravely this is affecting the vital well-being of our great cities. Then the condition of railway employment is bad. Wages are low, hours are long, the accidents are prolific, and the restrictions upon freedom of action are often harsh and unjust. Turning to Ireland, we have seen how terribly handicapped is that unfortunate country by its costly, inadequate, and often grossly inefficient railway management, and by the excessive preferences extended to foreign merchandise. And what are the remedies under the present system? General revision of rates by a Parliamentary Committee, and the redress of proved and specific grievance by the Railway Commission. We have seen the traders' experience of both these remedies for many years. We have seen that the last great revision which was expected to reduce rates generally, and only to increase possibly in particular instances, resulted, after 130 days' inquiry, in particular reductions and general increases. We have seen something of the operation of the Railway Commission. We have seen how traders have been victimized by the Companies, even when they received favourable verdicts. We have seen how the Companies fight every case, and how in consequence even wealthy traders are deterred from contesting alleged overcharges and illegal preferences by the huge costs involved. Particularly have we seen how, after contesting for two years the illegality of the rates increased in 1893, and being worsted, the Railway Companies declined to accept the case as a "test," with the result that every specific increased rate will have to be taken upon its merits. And this is simply impossible for the traders, for the particular case in point (Northampton) cost them between two and three thousand pounds to amend half-a-dozen rates. With nearly half-a-century's experience of Railway Commission and Parliamentary revision, and with the latest position worse than the first, we have, therefore, come to the conclusion that State-control is a failure so long as it has to fight the well-organized, alert and hugely wealthy organizations of the Companies, whose interests are not coincident with those of the community.

Thereupon we have turned to the Continent for their experience under State-ownership. What have we found? We have found that the rates and charges upon the State lines are

very much lower than ours. We have found that the cost of administering State lines, side by side with private lines in the same country, is considerably less, thus getting rid of the contention that State administration is more costly than private enterprise. We have found that the iniquity of giving foreign traders preferential terms does not exist. We have also seen what has been the effect of the adoption of the Zone system and the sweeping reduction in passenger fares upon the Austro-Hungarian lines.

But we have not confined our attention to European experience. We have turned to our Australian Colonies and seen what has been the experience of Anglo-Saxon administration of State railways. And there too, in spite of one or two initial blunders, we have found great advantages attending the State-ownership of the railways. Rich and fertile lands, that admittedly would not have been opened up had the railways been left to private undertakers, have been developed by a wise and liberal State railway policy. The Colonists have pursued the "highway" theory in their railway administration, and on the whole their policy has been fully justified. As an indication of the public regard for their railways, we have seen how the McIlwraith Government in Queensland was overwhelmed in an attempt to let in "private ownership."

Then we have turned to the opponents of State-ownership and dealt with three of their chief objections. We have seen that their fear of a universal strike is really unfounded, and proceeds from a total misapprehension of the motives and forces which make for great labour dislocations. We have seen too that their plea of inefficiency of State administration is neither borne out by actual experience nor by the probabilities of the case, seeing that the present practical staff of the Companies will be as freely available under the State as under private Companies. Then with regard to their sweeping assertions about corruption and dangerous political patronage, we have seen that they are very largely groundless in view of the purity of the Post-Office administration, and the compulsory examinations regulating Civil Service appointments, and that the risks of corruption are in fact very much less than under the present system, because of the complete publicity which will be an essential element of State-ownership.

Finally, we have discussed the purely financial aspects of the question, and find that the twenty-five years' purchase provided as the price of acquisition under the Act of 1844, will give the shareholders £26,989,625 more than the actual paid-up capital value of the railways, but will permit, after 2½ per cent. interest on the State Railway Consols, of an annual margin of some £29,580,116 for reducing rates and fares, improving the conditions of labour, and providing for a sinking fund, and effecting great improvements.

The State-ownership of railways in the United Kingdom, therefore, presents itself both as a necessity and an advantage. It is necessary, inasmuch as something must be done to lighten the transit burdens of the traders and of agriculture; and State-ownership is the one single untried avenue through which this may be secured. Unshackled competition and private ownership *plus* State-control have both been exhaustively tried, and have failed. State-ownership alone remains. State-ownership comes, however, commended alike by experience and by the financial prospects which an analysis of the statutory terms of purchase shows to exist. And in this connection it is of more than passing significance that what presents itself to-day, after three-quarters of a century of experience, as a necessity, was advocated as the right policy by Thomas Gray, the Father of the Railways, before a single Railway Act had passed, and before Stephenson had conclusively demonstrated the value of the locomotive. Gray, with quite prophetic vision, foresaw the future of the railway, and urged that at least the main lines should be constructed and retained by the State. He published a book on the subject, and drew up a map of the suggested routes, which, remarkably enough, have been closely followed by the great trunk lines. But, like many another prophet, poor Gray was laughed at for his pains, where he was not denounced as a knave paid by France to circumvent the ruin of England!¹ His general idea of an iron road, however, was soon "attached" by men with a faculty for finance, while he was left to die "unwept, unhonoured, and unsung," except by Chevalier Wilson, who vainly tried to get a Government pension for him.²

¹ *Our Iron Roads.*

² *The Railway System and its Author* (1845).

The forces making for State ownership are by no means limited to the grievances of the public. Responsible railway authorities themselves, irritated by the repeated extension of the controlling functions of the Railway Commission, have more than once declared that the State had better step in and take the full responsibilities of management by becoming actual owners.

Thus Mr. Price, M.P., Chairman of the Midland Railway Company, said some time ago—"If on all hands it is admitted that the public must interfere by legislation with the rights of property, whose working is so valuable to them as to be no longer private enterprise, and if finally it can be shown that legislative interference to be of any use must be arbitrary and inquisitorial, it follows that the only course left for the nation to pursue is to make legislative interference real, by being managers of the railways themselves—that is, that the State should purchase the railways."¹ But probably the most instructive declaration of all was that of the late Mr. Grierson, the Manager of the Great Western Railway. Professor Hunter had urged before the Select Committee of 1881-2 that rates should be fixed according to the cost of service. Examined upon this proposal Mr. Grierson declared—"If Parliament were of opinion that any such legislation were desirable, the proper and equitable course to adopt would be for the Government to acquire the railways and try it themselves."² While Mr. Acworth, in the preface to his *Railways and the Traders*, after bravely assuring us "the Railway Companies have learnt the lesson of triumphant democracy," and "in every direction show their anxiety to meet and even to forestall the demands of public opinion," expresses the opinion that "popular feeling is running strongly in the direction of substituting for the old English system of legal redress for proved injuries, of Government inspection, a new system of direct State regulation, of constant and minute interference of a Government department." "The attempt to substitute the one system for the other, not as a part of a well-thought-out and deliberately-adopted course of policy, but by a series of haphazard and piecemeal decisions, can, I am persuaded, only lead to failure and disappointment. *It will before long, in my judgment—and*

¹ *Journal Statistical Society*, 1873.

² *Q.* 12,369.

an author has a traditional right to be egotistical in a preface—land the country, quite unexpectedly, in a logical impasse, from which there can be no outlet except by State-purchase of the entire railway system."

There is already a good deal of scattered opinion expressly favourable to State-ownership. Nor is this opinion confined to any particular section of the community. Here are a few samples of commercial opinion taken from the evidence before the Select Committee of 1881-2—

Mr. C. F. Clark, President of the Wolverhampton Chamber of Commerce and Hon. Secretary of the Hollow Ware and Ironfounders Association, was asked by—

"Mr. Monk: Do you think those things (as to rates) would be better managed if the railways were the property of the Government?

"Mr. Clark: I certainly do think so. I think that a great deal of money which is now spent in Parliamentary fights would cease to be expended; we have to pay interest upon that money, and we should avoid what I believe is the case now, that is the double terminal charges at junctions.

"Mr. Monk: Do you think that is the general opinion of the traders at Wolverhampton?—Yes, I think so.

"Mr. Monk: Those opinions have been expressed in your Chamber of Commerce more or less?—Yes, they have."¹

Mr. Isaac Banks, Manager of the Clyde Shipping Company, and late Cork Agent for the Great Western line of steamers, and ex-Traffic Manager of the Waterford and Limerick Railway, gave the following evidence—

"Mr. O'Sullivan: Seeing the very expensive mode of management we have in Ireland, what would you suggest for their improvement generally?

"Mr. Banks: It is my opinion that the lines will never be worked for the benefit of Ireland until they are taken up by the Government. I believe the same good results would follow as in the case of the postal telegraphs and the penny postage, if the Government held the reins.

"Lord Randolph Churchill: You would not be against the purchase of the Irish railways by the State?

"Mr. Banks: I am very much in favour of it. I think it

¹ Q. 5842-45.

would be the very best thing that ever happened to the country.

"Do you think that would be the opinion of the mercantile community generally?—The mercantile community would be all in favour of it."¹

In reply to Lord Randolph Churchill, Mr. Pim, of Pim Bros., Dublin, said—

"I think it would have been a great benefit if the State had purchased the Irish railways."²

In reply to Sir Edward Watkin, Mr. T. A. Dickson, Commissioner of Inland Navigation, and member of the Belfast Chamber of Commerce, said—

"I consider that a great political mistake, not merely commercial mistake, was made by the Government not taking up the whole of the railway system in Ireland and extending it."³

Mr. Field, M.P., is devoting much time to the advocacy of State-ownership in Ireland, and on the conclusion of a lecture of his before the Conference of the Irish Dairy Farmers Association, Count Moore, amid the approving cheers of the audience, declared that for his own part he agreed with Mr. Field that nothing could be done to ameliorate the grievance of the farmers and traders without nationalizing the railways.

The Trades Union Congress, with its million and a half of working-class members, have passed a resolution unanimously in favour of State-ownership.⁴ Both the Amalgamated Society of Railway Servants⁵ and the General Railway Workers Union have done the same.⁶ And thus the *Daily Chronicle* (September 18, 1894)—

"Altogether the look-out is a black one, so black indeed that we are surprised that a movement is not initiated by far-seeing shareholders for persuading the State to take over their property. The railways are becoming the subject of State-control down to the minutest detail. Nothing is sacred from the Board of Trade and Mr. Giffen. Would it not be wise, before the stocks are darkened still more by shadows of coming events, to make a judicious proposal for the surrender of the lines in exchange for Consols?"

¹ Q. 4887 and 5110-14 and 5151-2. ² Q. 8385-6. ³ Q. 6939.

⁴ *Annual Report*, 1894. ⁵ *Railway Review* (Report, 1896, Congress).

⁶ *Annual Report*, 1897.

The London Chamber of Commerce have issued a pamphlet by Mr. Balfour Browne, Q.C., advocating the immediate application of the State-ownership principle, because of the futility of the recent Revision and consequent litigation. Mr. Browne, however, advocates the State beginning with the poorest lines. But this will not do, for, as Professor Hadley says, "to do anything efficient, it (Government) must control not a few lines, but the whole system."¹ Moreover, as the complete acquisition will be made to depend upon the financial success of the initial experiment, it would be palpably absurd for the State to handicap itself by starting with the derelict lines. And experience is dead against another suggestion made a few years ago, that while the State ought to purchase the lines, they should sub-let them for working to private Companies. It means friction, and many other of the worst evils of the present system. But this is somewhat of a digression. Another evidence of the growing opinion in favour of State-ownership is the establishment of the "Railway Nationalization League,"² which is carrying on an active agitation in favour of Mr. Gladstone's Act securing early adoption.

With the great railway system in the hands of the community, and administered purely in their interest, we may confidently look for sweeping reductions in goods rates and passenger fares, and the entire abolition of the dangerous preferential system. We may expect to see British agriculture escape from the continuous gloom of depression from which it has suffered so long, and to see the fields, now silent and neglected, again occupied with their army of industrious workers. Nor will it be too much to expect, on the one side an arrest of that ceaseless flow of our rural population to the murky congestion of the towns, and on the other a healthy exodus from the crowded slums to the green fields and cultivated gardens of distant and widely-scattered suburbs. Again, with lowered railway rates, and the abolition of foreign preference, we ought to hear less of that doleful legend "Made in Germany." State-ownership will also mean, with the pressure of the growing

¹ *Pamphlet Series*, No. 22, 1897.

² The League was started in 1895. The Secretary is Mr. W. H. Mead, 47 Victoria Street, S.W., who will be pleased to send inquirers all information.

social conscience, shorter hours and improved conditions of employment for the overworked and underpaid railway worker. It will mean the development of neglected districts, the abolition of needless wastes, and the raising of the administration of all railways to the efficiency of the systems which are best administered to-day. It will mean an end of the futile litigation before the Railway Commission; it will free the House of Commons from the troubles and wastes of constant railway legislation, and from the presence of 120 paid servants of a single private interest. It will mean a vast improvement in our Post-Office, and an end to the absurdity of sending horse-coaches out from London to Brighton, to Chatham, to Chelmsford, and so forth, to avoid the heavy railway charges.

The State-ownership of railways carries within it then the possibilities of such great and far-reaching social benefits, that in conclusion I would express the hope that our greatest statesmen and all lovers of true reform may be enlisted in the army of its advocates, and that ere long a supreme effort may be made to carry out Mr. Gladstone's Act in the highest and best interests of the nation.

APPENDIX A.

WAGES, ETC., OF WORKERS ON PRUSSIAN STATE RAILWAYS.

Current Number.	Class of Official.	Minimum Wage.		Maximum Wage.		House-rect Allowance.	Class.
		£	s.	£	s.		
1	Presidents	525	0	525	0		II.
2	Members of the Railway Directories and Traffic Directors, as also Heads of Departments of the works at Essen...	210	0	300	0		III.
3	Members of the Traffic Offices, Inspectors of the Line, of Buildings and Machinery, and Traffic Inspectors ...	180	0	240	0		III.
4	Telegraph Inspectors	150	0	200	0		IV.
5	Auditors of Accounts at Central Offices	240	0	240	0		IV.
6	Auditors of Booking Office Accounts	160	0	200	0		IV.
7	Cashiers at Central Offices	150	0	180	0		IV.
8	Book-keepers and Railway Secretaries	105	0	180	0		IV.
9	Secretaries in Works	70	0	135	0		IV.
10	Works and Traffic Controllers... ..	135	0	180	0		IV.
11	Draughtsmen and Clerks, Class I.	82	10	135	0		IV.
12	Draughtsmen and Clerks	75	0	110	0		IV.
13	Ticket Collectors and Office Servants	50	0	75	0		V.
14	Station-masters, Class I.	105	0	160	0		IV.
15	a. Station-masters, Class II.	90	0	130	0		IV.
	b. Ships' Captains, Class I.						
16	a. Station Inspectors and Station Assistants	75	0	110	0		IV.
	b. Ships' Captains, Class II.						
17	Telegraph Clerks... ..	60	0	90	0		V.
18	Foremen Shunters and Foremen of Carriage Works	60	0	80	0		V.
19	Pointsmen, Class I.	50	0	75	0		V.
20	Doorkeepers, Ticket Collectors, Pointsmen, Foremen Loaders, and Bridge-keepers	40	0	60	0		V.
21	Line Inspectors, Class I.	90	0	130	0		IV.
22	Line Inspectors, Telegraph Superintendents	75	0	105	0		IV.
23	Line Watchmen, Loaders, and Night Watchmen... ..	35	0	45	0		V.
24	Auditors of Station Accounts and Goods Station Superintendents	120	0	160	0		IV.
25	Station Receivers and Goods Despatchers	90	0	130	0		IV.
26	Foremen Loaders	60	0	90	0		V.
27	a. Engine Drivers	60	0	100	0		IV.
	b. Ships' Engineers						
	c. Engineers for Electric Light Establishments						
28	a. Locomotive Stokers	50	0	75	0		V.
	b. Ships' (ferry) Stokers						
	c. Engine Cleaners						
	d. Bridge Toll Receivers						
29	a. Chief Guards (Zugführer)	55	0	75	0		IV.
	b. Ships' Mates	55	0	75	0		V.
30	Master Packers						
	a. Guards						
31	b. Brakesmen	40	0	60	0		V.
	c. Sailors						
32	Workshop Directors	105	0	180	0		IV.
33	Workshop Superintendents	90	0	130	0		IV.
34	Foremen in Workshops... ..	60	0	80	0		V.
35	Administrators of Stores, Class I.	105	0	150	0		IV.
36	Administrators of Stores, Class II.	75	0	110	0		IV.
37	Store-keepers	50	0	75	0		V.

According to the tariff of the law of May 12, 1873 (*Collection of Laws*, p. 209), respecting the house-rent allowances of public servants, the yearly amount of such allowances are—

Description.	In Places Grouped under—						Average for Calculation of Pension.
	A.*	I.	II.	III.	IV.	V.	
	£	£ s.	£ s.	£ s.	£ s.	£ s.	£ s. d.
For Class I.	75	60 0	45 0	36 0	30 0	30	40 2 0
„ II.	60	45 0	36 0	30 0	27 0	27	33 0 0
„ III.	45	33 0	27 0	24 0	21 0	18	24 12 0
„ IV.	27	21 12	18 0	15 0	10 16	9	14 17 7
„ V.	12	9 0	7 4	5 8	3 12	3	5 12 9

* To the Group A belong, according to the Law of May 28, 1887 (*Imperial Law Sheets*, p. 152), the following places within the sphere of the Prussian Railway Administration:—Berlin, Altona, Bremen, Frankfort-on-Main with Bockenheim and Bornheim, Hamburg.

All railway servants are given retiring pensions.

HOURS OF DUTY.

Preliminary Observation.

A regular day's work, the admissible limits of which are laid down in the following paragraphs, is understood to be the period between two entirely free spells of at least 8 hours each (or in the case of railway servants employed on trains—such as guards, drivers, stokers, or brakemen—of 10 or 6 hours, according as it is spent at their domicile, or away from it). During the day's work the persons in question, in accordance with the scheme of the time-tables, are actively employed, or must hold themselves ready for active employment.

It includes any shorter periods of rest which may occur within such time.

I.—*Line-Keepers.*

1. The regular day's work of line-keepers on sections on which only day-trains are run, or on which there is only a night service, must not, as a rule, exceed 14 hours. Only in cases where the conditions of the traffic are so simple that the line-keepers have

repeated periods of inactivity within their working time—as, for instance, on branch lines where very few trains are run—may the day's work, including the time when the line-keepers are expected to be at their posts, although not actively employed, be exceptionally extended to 16 hours. The same holds good in cases where the regular work is interrupted by a rest of several consecutive hours.

2. On sections where there is a full day and night service the regular daily hours of labour for line-keepers must not exceed 13. This may only be exceptionally extended to 14 hours on days when a change in the train service takes place.

3. In cases where the line-keepers are unable to find lodgings near the line, the time occupied in walking to and from their posts is to be included in the day's work.

II.—*Pointsmen.*

1. The regular hours of duty of pointsmen who are not employed in signal-boxes, and whose points are on so busy a section of the line that no considerable intervals occur in their work, must not extend over more than 8 hours.

2. In other cases the regular day's work of pointsmen may amount to 12 hours, and, in cases where the local conditions of traffic admit of repeated and considerable intervals of rest, as also on days when the train service is changed, may be extended to 14 hours.

In exceptional cases the day's work may be extended to 16 hours, if after 8 hours' labour an interval of at least 4 hours' complete rest can be allowed.

3. The daily hours of work of pointsmen employed in signal-boxes in places where the management of the points requires uninterrupted attention and activity, shall not exceed 8 hours. In other cases the duty in signal-boxes is subject to the conditions laid down above under paragraph 2.

III.—*Station Officials.*

1. The regular hours of out-door station work, in cases where the number of incoming and outgoing trains, or incessant shunting, does not admit of sufficient periods of rest, shall not exceed 8 hours.

2. In other cases the day's work of out-door station officials may be extended to 12 hours, and on days when the train service is changed to 14 hours. In cases where the conditions of the traffic are very simple, as on branch lines where few trains are run, and where the officials have repeated and considerable periods of rest, the competent authorities may exceptionally extend the hours of

work, including the time when the officials must be at their posts, although not actively employed, to 16 hours.

3. The service at secondary stations (Haltestellen) is regulated by the rules laid down for station officials ; that for stopping-places (Haltepunkte) according to the regulations for line-keepers.

IV.—*Telegraph Clerks.*

1. The regular hours of duty for telegraph clerks, in cases where the train and message service is so great that it requires uninterrupted attention and activity on their part, must not exceed 8 hours.

2. In all other cases the daily hours of duty of telegraph clerks may be regulated by the rules laid down under III. 2, for station officials.

V.—*Shunting Masters.*

1. The regular hours of duty for shunting masters, in cases where the work requires their uninterrupted activity, must not exceed 10 hours.

2. In other cases the regular day's work of shunting masters may amount to 12 hours, and on days when the train service is changed to 14.

VI.—*Rolling-Stock Inspectors.*

The regular day's work of rolling-stock inspectors (Wagenmeister) may extend to 12 hours, and on days when the train service is changed to 14.

VII.—*Train Officials.*

1. The hours on which train officials (drivers, stokers, guards, and brakemen) are on duty shall be so arranged that in each month the average day's work of any one official shall not exceed 11 hours. Further reductions of the hours of duty, in consideration of special demands made upon the men, are to be determined by the competent railway authorities, on their own responsibility, at the beginning of each season when a new timetable is issued.

2. The extension of single periods of duty on a train up to 16 hours is only permissible if considerable periods of rest are included in that time, and if the demands made upon the men are of so simple a nature that, according to the responsible opinion of the competent authority, there can be no question of over-work.

In the case of drivers and stokers, the regular time spent on the engine while running the train must not exceed 10 hours.

3. After a period of 14 or 16 hours' duty on a train the men must, as a rule, be allowed a longer period of rest in their domicile, and such rest must be arranged to fall, if possible, between the hours of 7 p.m. and 7 a.m.

4. In estimating the length of the spell of duty on a train the time spent in taking over, or being relieved of duty before the departure, and after the arrival of the train, should be considered.¹

¹ Foreign Office Annual Series, 1893. C. 6855-109.

APPENDIX B.

RAILWAYS AUTHORIZED BY PARLIAMENT TO THE END OF THE
SESSION OF 1843, AND WHICH ARE NOW OPEN.

BIRKENHEAD—

					MILES.	MILES.
Chester to Birkenhead	...	...	...	...	16	
Bodmin and Wadebridge	...	...	...	...	14 $\frac{1}{2}$	
Bristol and Exeter...	...	...	...	...	75	

CALEDONIAN—

Glasgow, Garnkirk, and Coatbridge	...	...	...	...	10	
Pollock and Govan	...	...	...	...	2 $\frac{1}{4}$	
Paisley and Greenock	...	...	...	...	22	
Dundee and Newtyle	...	...	...	...	10 $\frac{1}{2}$	
Wishaw and Coltness	...	...	...	...	13	
						57 $\frac{1}{2}$
Dublin and Drogheda	...	...	...	...		32
" " Kingstown	...	...	...	...		7 $\frac{3}{4}$
Dundee and Arbroath	...	...	...	...		16

GLASGOW AND SOUTH-WESTERN—

Main line	...	...	...	...	51	
Kilmarnock and Troon	...	...	...	...	10	
Paisley and Renfrew	...	...	...	...	3	
						64

GREAT EASTERN—

London to Colchester	...	...	...	...	51	
Stratford to Newport	...	...	...	...	38	
Hertford to Ware	...	...	...	...	5 $\frac{1}{2}$	
Yarmouth to Norwich	...	...	...	...	21	
						115 $\frac{1}{2}$

GREAT WESTERN—

London to Bristol	...	...	...	...	118 $\frac{1}{4}$	
Didcot to Oxford	...	...	...	...	9 $\frac{3}{4}$	
Swindon to Cheltenham	...	...	...	...	48	
						176

LANCASHIRE AND YORKSHIRE—

					MILES.	MILES.
Manchester to Normanton	...	...	...	...	50	
Preston and Wyre	...	...	...	...	20	
Manchester and Bolton	...	...	...	...	11	
						81
Lancaster and Preston Junction	...	...	...	...		20 $\frac{1}{4}$
Llanelly	...	...	...	...		20 $\frac{1}{4}$
London and Blackwall	...	...	...	...		3 $\frac{1}{2}$

LONDON AND NORTH-WESTERN—

London and Birmingham	...	...	...	...	112 $\frac{1}{2}$	
Grand Junction	...	...	...	...	83 $\frac{1}{4}$	
Liverpool and Manchester	...	...	...	...	31 $\frac{3}{4}$	
Manchester and Birmingham	...	...	...	...	30 $\frac{1}{4}$	
Chester and Crewe	...	...	...	...	21 $\frac{1}{4}$	
Leamington Branch	...	...	...	...	8 $\frac{3}{4}$	
Blisworth and Peterborough	...	...	...	...	47	
Aylesbury	...	...	...	...	7 $\frac{1}{4}$	
Kenyon, Leigh, and Bolton and Leigh	...	...	...	...	9 $\frac{3}{4}$	
West London	...	...	...	...	3	
North Union	...	...	...	...	40	
St. Helen's	...	...	...	...	10	
						405

LONDON AND SOUTH-WESTERN—

Nine Elms to Southampton	...	...	...	...	78 $\frac{1}{2}$	
Bishopstoke to Gosport	...	...	...	...	15 $\frac{3}{4}$	
						94

LONDON, BRIGHTON AND SOUTH COAST—

London to Croydon	...	...	...	...	8 $\frac{3}{4}$	
Croydon to Brighton	...	...	...	...	42	
						50 $\frac{3}{4}$

MANCHESTER, SHEFFIELD AND LINCOLNSHIRE—

Manchester to Sheffield	...	...	...	...	40 $\frac{1}{2}$	
Maryport and Carlisle	...	...	...	...	28 $\frac{1}{4}$	

MIDLAND—

North Midland	...	...	...	...	73 $\frac{1}{4}$	
Midland Counties	...	...	...	...	58 $\frac{1}{2}$	
Birmingham and Derby Junction	...	...	...	...	48 $\frac{1}{4}$	
Sheffield and Rotherham	...	...	...	...	7 $\frac{1}{2}$	
Bristol and Gloucester	...	...	...	...	30 $\frac{1}{4}$	
Birmingham and Gloucester	...	...	...	...	55 $\frac{1}{2}$	
Leicester and Swannington	...	...	...	...	16	
						289 $\frac{1}{2}$

NORTH BRITISH—

	MILES.	MILES.
Edinburgh and Glasgow	46	
Wilsontown, Morningside and Coltness	8 $\frac{1}{2}$	
Edinburgh, Leith and Granton	4	
Monkland	36	
		94 $\frac{1}{2}$

NORTH-EASTERN—

Brandling Junction	27 $\frac{1}{2}$
Durham	5
„ and Sunderland	17 $\frac{1}{2}$
Great North of England	48
Hull and Selby	31
Leeds „ „	21
Newcastle and Carlisle	65 $\frac{1}{2}$
„ „ Darlington Junction	25 $\frac{1}{2}$
Pontop and South Shields	24
York and North Midland	27
Newcastle and North Shields	7
Whitby and Pickering	23

WEST HARTLEPOOL—

Hartlepool	16
Great North of England, Clarence and Hartlepool Junction	8
Clarence	37
Stockton and Hartlepool	8
	390 $\frac{3}{4}$

Preston and Longbridge	6 $\frac{1}{2}$
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SCOTTISH NORTH-EASTERN—

Arbroath and Torgar	15
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SOUTH-EASTERN—

Reigate to Dover	67
Canterbury to Whitstable	6
Maidstone Branch	9 $\frac{3}{4}$
Bricklayers' Arms Branch	1 $\frac{3}{4}$
London and Greenwich	3 $\frac{3}{4}$
	88 $\frac{1}{4}$

Stockton and Darlington, including the Bishops Auckland and Weardale Railway	69
Taff Vale	24
Ulster (Belfast to Portadown)	25
	118
Total	2,320 $\frac{1}{2}$

¹ From paper presented by Sir H. W. Tyler to Royal Statistical Society, 1873.

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